EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Back to business of development
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World News

All-seating plan urged after soccer disaster

UK Government announced its determination, in the wake of the Sheffield football disaster in which 94 people were crushed to death, to carry out an inquiry, and to press on with plans to impose a national membership scheme and all-seating arrangements at grounds. Page 8

Austrian leader quits

Alois Mock, Austria's vice chancellor and leader of the conservative People's Party, resigned following weeks of pressure from among the party ranks.

Indian ports strike

About 125,000 port and dock workers began an indefinite strike in India's 11 main ports to press for a substantial wage increase after talks on their charter of demands collapsed. Page 5

Beirut tank battle

Tanks battled at close quarters in the streets of Beirut as artillery mercilessly pounded apartment blocks. Earlier story, Page 5

HK passports plan

Hong Kong civil servants are considering telling British MPs that the UK should change its immigration policy to issue passports to 3.4m of Hong Kong's population. Page 5

Defence plan call

Helmut Kohl, West German Chancellor, is moving towards an important reversal of defence policy after a call from his party to shelve a planned lengthening of national service. Page 2

Amnesty bid

Amnesty International urged Britain to allow a judicial inquiry into the killing of three unarmed Irish guerrillas by soldiers in Gibraltar last year.

Moscow tax plan

Proposals to restructure the Soviet tax system over the next six years were foreshadowed by Boris Gostev, Finance Minister. Page 2

Lebanon peace call

Kuwait called for an emergency meeting of Arab League foreign ministers amid increasing international pressure for a durable ceasefire in Lebanon. Page 5

Eta rail bombs claim

Basque Eta guerrillas said they had mined Spain's two northern rail links, from Madrid to Burgos and Barcelona.

Peking march

Hundreds of students marched on central Peking calling for democratic reforms in one of the biggest demonstrations since the Cultural Revolution. Page 5

Petition refused

The Bush Administration has refused a petition by an Arab-American group to revoke Israel's duty-free trade benefits. Page 6

Funeral shooting

Israeli troops shot dead a 17-year-old Palestinian woman in a clash with protesters during a funeral at Dheisheh refugee camp in the occupied West Bank. Page 5

US embassy bomb

Bomb exploded outside US embassy building in Tegucigalpa, the Honduran capital.

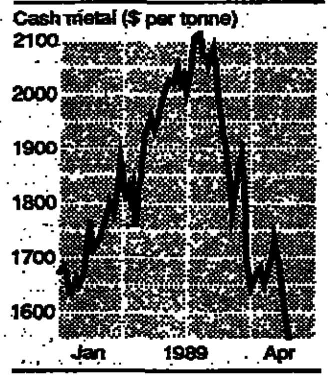
Business Summary

Paris backs down over UK-built Nissan cars

DISPUTE over French threats to restrict sales of UK-built Nissan cars has ended with a climbdown by Paris which has important implications for the EC's internal market for cars.

Lord Young, the UK Trade and Industry Secretary, said he had received from the European Commission an assurance that the French Government would not count shipments of UK-built Nissans against the quota that France imposes unilaterally on cars imported from Japan. Page 22

ZINC prices continued to retreat on LME, cash metal



shedding $50.50 to close at *$1,549.50 a tonne. Commodities,* Page 38

ADT, electronic security protection and vehicle auction group headed by Michael Ashcroft moved closer to a possible merger with Laidlaw Transportation, Canadian-based school bus and waste management company. Page 23

AEG, West German electrical and electronics company which is now 80 per cent owned by Daimler-Benz, last year made its first profits since 1984. Page 23

PRIVATISATION of one-third tranche of DSM, Dutch chemicals company, planned for the second half of September and could raise around Fl 1.4bn ($660m). Page 23

SUZUKI, Japanese automotive group, raised its stake in Land Rover Santana, publicly quoted Spanish maker of four-wheel drive leisure/utility vehicles, to almost one-third. Page 24

RATE of growth of new car sales in West Europe slowed sharply in March, although demand in the first quarter was still 6.1 per cent higher than a year ago. Page 2

NCR, big computer and business information company, reported a decline in first-quarter earnings, with weak demand in the US market taking its toll. Page 26

CHASE Manhattan and Security Pacific, leading US money-centre banks, reported earnings gains in the first quarter. Page 26

BOSCH, leading motor components supplier, is to build a £100m ($171m) plant outside Cardiff, South Wales. Page 22

JAPANESE companies last year for the first time topped the list of foreigners buying into US assets with investments in business and real estate of more than $15bn. Page 6

TOKUYAMA Soda, Japanese chemical maker, still waiting for word from Washington on its controversial $55m bid for General Ceramics, New Jersey-based company that has classified contracts with the US Government. Page 6

SIGNS that the UK economy is entering a period of robust manufacturing growth but faltering consumer spending came in official figures released yesterday. Page 8

PETROL prices in the UK took another leap upward with British Petroleum announcing large increases. Page 8

UK rejection of Delors plan threatens EC unity

By David Buchan and Tim Dickson in Luxembourg and Peter Norman in London

THE UK Government yesterday rejected the Delors Committee report outlining the steps towards economic and monetary union in the European Community, but most other states leaned more towards France's enthusiastic *endorsement of the plan.*

Mr Nigel Lawson, the UK Chancellor of the Exchequer, said the plan requiring participating states to sign on at the outset to economic and monetary unity, would require "political union, a united states of Europe, which is not on the agenda."

He made clear the UK would seek to block any proposal for an inter-governmental conference to amend EC treaties to allow transfer of economic and monetary sovereignty.

"Only 18 months after full ratification of the single European Act, to complete the single market which we totally support, is not the time to be thinking of a new treaty."

The report, which was agreed unanimously last week, therefore threatens to drive a wedge between Britain and other leading members of the EC. However, after the meeting of EC finance ministers, who heard Mr Jacques Delors, the Commission president, outline his committee's report, the Danish minister also voiced doubts.

At the ministers' lunch meeting with Mr Delors, only Mr Pierre Bérégovoy of France intervened directly to counter Mr Lawson's outright opposition to a plan involving the transfer of sovereignty.

Mr Bérégovoy said he needed time to study the report, but indicated closer co-operation, including a transfer of sovereignty, was acceptable to Paris.

"The idea of a new treaty seems positive," he said.

France takes over the EC presidency for the second half of this year and would have a key role in calling any inter-governmental conference among the Twelve.

General endorsement for the Delors plan by the West German Government came in Bonn.

In Rome, Mr Ciriaco De Mita, the Italian Prime Minister, welcomed the report and said the way was now open for European leaders to approve the first phase at their Madrid summit in June.

"The Italian Government has always supported a policy along the lines of that emerging from the report, stressing the necessity of setting an ultimate goal to be reached *through a series of gradual* steps," Mr De Mita said.

"All the groundwork has now been done so that a consensus can be reached at the next Council of Europe meeting in Madrid to give the immediate go-ahead for the first phase, and to define the procedure for calling a conference to draw up a new treaty."

Mr Lawson's remarks appeared to distance the British Government from Britain's representative on the Delors Committee, Mr Robin Leigh-Pemberton, the Governor of the Bank of England.

Last week he signed the Delors committee report which unanimously charted a three stage course towards economic and monetary union in the EC.

In London, however, Mr Leigh-Pemberton stressed that union was a long term project that depended on political decisions.

He warned that the report demonstrated that economic and monetary union implied "fundamental and far reaching changes to national sovereignty."

He said that moving towards convergent economic performance in the EC, which the report identifies as essential for the ultimate goal of union, would be "a difficult and long-drawn-out task."

Any institutional initiative moving ahead of this process could delay or prejudice achievement of union, he added.

These early reactions confirmed the fears of some observers that the report, which was agreed last week by the 17 strong committee of central bankers and outside *experts charged by last summer's* European council meeting in Hanover to explore "concrete steps" towards economic and monetary union, had merely shifted controversy to the political sphere.

In Luxembourg Mr Delors said that the first stage, starting preferably in July 1990, would require "a political commitment" from governments and central banks to start making public moves towards economic and monetary convergence.

His committee had rejected the idea of an "operational" commitment by EC states that would require, among other things, inclusion of sterling in the European Monetary System (EMS).

But he underscored that universal EC involvement in the EMS would be "a strong expression" of the required political resolve.

Mr Lawson said it was up to other governments to make their positions equally clear.

While the UK was ready to work for closer co-operation, he could not give "a political *commitment to the entire pro*cess...because it represents a concept which the UK, and others, do not share."

Details, Page 4; Background, Page 20; Editorial comment, Page 20

Banking reciprocity changes

SIR LEON BRITTAN, the European Commissioner in charge of financial services, received what he called a "generally favourable" reaction from EC finance ministers for key changes to the second banking directive. Page 22

Wright: 'accepted gifts'

Committee unanimous in charging Jim Wright

By Lionel Barber in Washington

MR JIM WRIGHT, Speaker of the US House of Representatives, was charged yesterday with 69 possible violations of House rules governing acceptance of gifts and limits on outside income, in a unanimous report from the House *ethics committee.*

The findings are an embarrassment to the Democratic majority in Congress and threaten to topple Mr Wright, the nation's highest elected Democrat.

Mr Wright, a loquacious 66-year-old Texan with an abrasive manner, has vowed to fight on, but his chances of survival narrowed yesterday after it emerged that the committee's six Democrats had joined with the six Republicans in approving the report.

The committee's unified *front – in the face of intimidation* from some of Mr Wright's supporters – suggests members have put aside party loyalties and focused on concern about the damage to the institution of the Speakership.

After a 10-month investigation costing $1.6m, the committee's findings amount to an indictment rather than a guilty verdict against the Speaker, a point stressed by Mr Julian Dixon, the California Democrat who chairs the committee: "We have not reached any final conclusion *on the matters still under* investigation."

The committee found "reason to believe" that between 1979 and 1988 Mr Wright violated House rules by accepting gifts from Mr George Mallick, a Texas developer. The gifts, totalling about $145,000, included free use of a flat, a Cadillac and an $18,000-a-year job given to Mr Wright's wife.

The Speaker is also accused

Continued on Page 22

Bush paves way for financial aid to Poland

By Peter Riddell in Washington and Christopher Bobinski in Warsaw

PRESIDENT George Bush yesterday opened the way for substantial US and international financial assistance for Poland provided moves towards economic and political reform continue.

Mr Bush's offer came on the day that Solidarity, the country's independent trade union, *was legalised after a seven*-year ban.

The proposals include US support for the rescheduling of Poland's $39bn debt (of which $2.4bn is owed to the US Government), and for World Bank and International Monetary Fund assistance, together with tariff exemptions and US-backed investment loans.

The measures are split between international and US initiatives. On the former, Mr Bush said the US would work with allies in the Paris Club "to develop sustainable new *schedules for Poland to repay* its debt," and would continue to consider supporting "viable loans to the private sector by the International Finance Corporation," the World Bank subsidiary.

He said the recent agreement with Solidarity cleared the way for Poland to work with the International Monetary Fund on "programmes that support sound, new, market-oriented economic policies." Such programmes would be a necessary precursor of any agreement to reschedule Poland's debt.

Yesterday's speech was seen by the multilateral institutions as removing previous political barriers and providing a "tailwind" for lending. But it was emphasised that any build-up of support would be dependent on internal reforms and a strict financial framework.

The president said he would ask Congress to give Poland access to the Generalised System of Preferences, offering selective tariff relief to less-developed countries. Congress is also to be asked to authorise the Overseas Private Investment Corporation, backing investment loans, to operate in Poland.

The package, delivered in a speech to Polish-Americans in Detroit, is a direct response to moves towards political pluralism in Poland, and in particular the legalisation of Solidarity. The Polish Government agreed this on April 5, and the

Continued on Page 22

Agriculture price controls abolished, Page 2

Chinese buy New Zealand Steel

By Dai Hayward in Wellington and Colina MacDougall in London

THE China National Metals and Minerals Import and Export Corporation (Minmetals) has bought New Zealand Steel for an undisclosed price believed to be about NZ$400m ($243m), in one of Peking's biggest overseas purchases.

Minmetals was the successful bidder for the 80 per cent of New Zealand Steel owned by collapsed investment group Equiticorp, which was put up for sale by the receiver. Fisher and Paykel, the manufacturing group who own the other 20 per cent, have agreed to sell their holding to the Chinese group.

The Chinese bid is believed to have been well above any price offered by other interested buyers, including Fletcher Challenge of New Zealand and BHP of Australia. The Chinese bid was well above the NZ$327m paid to the New Zealand Government for the company in October 1987.

A few weeks ago, Mr Hugh Fletcher said Fletcher Challenge regarded itself as the "natural owners" of New Zealand Steel because it would slot neatly into FCL's existing industrial operations.

Mr Fletcher made it clear, however, that FCL's bid was well below the price received by the Government from Equiticorp.

China's own steel industry is unable to supply either the quantity or quality of steel needed as industrial growth soars. Last year it imported 9.13 m tonnes at a cost in precious foreign exchange of $4.43bn. To help out, last month the Soviet Union offered to lend China SFr200m ($121m) at low interest to renovate the Baotou steel plant in Inner Mongolia, built with Soviet aid in the 1950s.

Analysts say the New Zealand deal will give China reliable supplies of high-technology steel it cannot make at its own plants.

Minmetals says it will be greatly expanding exports to China and Asia, as well as guaranteeing a stable supply of New Zealand Steel output to fulfil the needs of local companies.

The Chinese corporation, which only a few months ago formed an association with a small New Zealand company, is now bidding actively for a share of the state forests which the Government is offering for sale.

This fits with China's general strategy of investing overseas to secure firm supplies of raw materials. Both steel and timber fall short of requirements.

It is cheaper and quicker to buy foreign plants than to build them in China with expensive foreign technology, although last year it bought a small disused French steel mill to dismantle and re-erect within China.

By November last year, China's overseas investment programme totalled about $1.8bn. Among its key purchases are a 12.5 per cent stake in Hong Kong-based Cathay Pacific Airways, plus an oil refinery in California, an aluminium smelter in Australia and a pulp plant in Canada.

Background, Page 23

Control Data quits computer field it pioneered 30 years ago

By Roderick Oram in New York

CONTROL DATA is to quit the supercomputer business after an expensive five-year effort to re-establish itself in the field it pioneered more than 30 years ago. Its failure opens the way for further deep incursions of Japanese manufacturers into world markets for the strategically important equipment.

The Minneapolis-based company said yesterday it would take a $490m charge against second-quarter earnings to discontinue its supercomputer operations, streamline its remaining computer manufacturing and sack 10 per cent of its workers.

It has also reached a temporary accommodation with its bankers until May 31 which it hopes will allow it to weather its financial problems without selling or closing any other major operations.

Control Data said the actions – its second major restructuring in three years – should return it to profitability in the second half of this year. It made a total of only $21m in the two years 1987-88 and lost $832m in the previous two years.

The company will focus on the hardware side on its Imprimis disk drive and CYBER computer divisions. On the software and systems side it will aim to build up its revenues from government systems and business services.

While the company has some major strengths in these areas, analysts said it would take time to see if Control Data could find a stable new base.

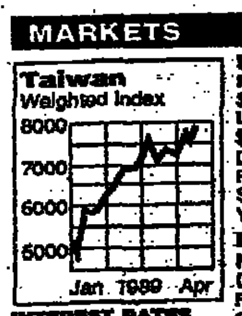
Control Data had last been a force in supercomputers in the early 1970s, losing out to Cray Research of the US and Fujitsu and Nippon Electric of Japan. In an attempt to break back into the market, it established ETA Systems in 1983. Investment in research, development and new plant plus subsequent operating losses might have totalled more than $500m, some analysts estimate.

ETA computers were built around innovative technologies that allowed automated manufacturing of supercomputers. In contrast, Cray Research, the world leader in terms of the number of supercomputers installed, still relies largely on hand assembly.

The first ETA machine was delivered at the end of 1987 with Control Data hoping to expand the product range from entry-level air-cooled machines at about $1.5m up to nitrogen-cooled installations costing up to $20m.

Control Data said it would try to incorporate some ETA technology in its less powerful CYBER computers and to licence it to other manufacturers. Shutting down ETA operations will account for some 800 of the 3,100 jobs lost and $350m of the $490m charge. The other job losses and costs will come from streamlining the CYBER computer business.

MARKETS



INTEREST RATES
US lunchtime
Federal Funds 9⅞% (9 11/16)
3-mth Treasury Bills: yield: 8.92% (8.9)
Long Bond: 98 5/32 (98 11/32)
yield: 9.05% (9.028)
London
3-month Interbank close 13 1/16% (13⅛)

STERLING
New York close
$1.71345 (1.7045)
London:
$1.7150 (1.6990)
DM3.1850 (3.1775)
FFr10.7800 (10.7450)
SFr2.8075 (2.8050)
Y226.25 (224.50)

DOLLAR
New York close
DM1.8610 (1.86495)
FFr6.3015 (6.3145)
SFr1.6405 (1.64675)
Y132.185 (132.1)
London:
DM1.8565 (1.8700)
FFr6.2850 (6.3250)
SFr1.6365 (1.6505)
Y131.90 (132.15)

GOLD
New York latest
Comex June
$390.1 (389.8)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,337.79 (+0.73)
S&P Comp
301.72 (+0.36)
London:
FT-SE 100
2,054.7 (+1.1)
World:
143.78 (Fri)
Tokyo
Nikkei Ave
33,308.33 (+157.89)
Frankfurt
Commerzbank
1,741.2 (+19.6)

OIL
Brent 15-day (Argus)
$19.40 (+0.425) (May)
West Tex Crude
$20.885 (+0.51) (May)

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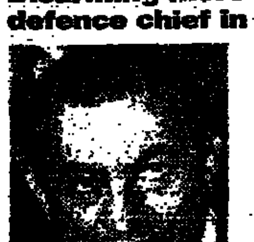
Disarming more than the defence chief in Egypt



President Hosni Mubarak (left) has yet to stamp his authority on a nation that appears to be yearning for stronger leadership. The question is whether his apparent new assertiveness will extend to taking economic decisions.
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Austria Sch22 Indonesia Rp2500 Oman OR1 · Bahrain Din0.700 Iran · Malta · Belgium BFr60 Israel · Portugal · Cyprus · Italy L1700 Qatar · Denmark · Jordan · S.Arabia · Egypt · Kuwait · Singapore · Finland · Lebanon · Spain · France FFr7.00 Lux · Sweden · Germany DM2.20 Malaysia · Switz · Greece · Morocco · Thailand · Hong Kong · Neth · Tunisia · Iceland · Nigeria · Turkey · India · Norway · UAE

Wide change in Soviet taxes foreshadowed

By John Lloyd in Moscow

PROPOSALS to restructure the Soviet tax system over the next six years, and adapt it to increasing differentials in earnings, were foreshadowed yesterday by Mr Boris Gostev, the Finance Minister.

The changes broadly aim at taking the lower paid out of the taxation system, and at taxing progressively those on higher incomes.

The proposals will also sweep away the "class system" in Soviet taxation, under which different kinds of workers have different rates of tax, in favour of uniform treatment based on income.

New tax rates, to come into force at the beginning of next year, were announced over the weekend. These would exempt from tax everyone on or below the minimum wage of Roubles 70 (£67) a month, reduce tax rates (by an unspecified amount) for those earning between Roubles 71 and 100, retain the standard 13 per cent tax rate for all between Roubles 101 and 700, then increase marginal tax rates to a maximum of 50 per cent on all incomes above that.

Mr Gostev said the new economic mechanisms, such as co-operatives, leaseholding and individual entrepreneurial activities, were creating wider wage differentials. The standard 13 per cent rate, applied to all incomes has been unchanged for 46 years.

In the next five year plan (1991-1995), the special taxes on childless single people would be abolished, as would taxation on housing, while a new tax on inheritance would be introduced.

The minimum income would be raised to Roubles 100 a month, and exempted from tax. A "strict" law on tax evasion would be introduced. The present average wage is Roubles 217 a month, though growing numbers earn twice and three times that.

Mr Gostev said that 3.4 per cent of the workforce now earned more than Roubles 500 a month. However, the burden on the economically active was increasing because of the ageing of the population.

There were now two workers to every pensioner, where there had been three to one in the 1970s, he said. "In the sixties, we had a slogan: taxation is a leftover from capitalism and should be abolished. Life proved this slogan wrong.

"All our experience now indicates that taxation of private income is an important mechanism in the distribution of wages."

Dr Schmidt prescribes strong medicine for his successor

CHANCELLOR Helmut Kohl, should deliver a plain "no" to US and British requests for West Germany to deploy new, longer-range nuclear weapons in the 1990s to replace the ageing US Lance missile. This is the recommendation of his predecessor in the Chancellery, Mr Helmut Schmidt.

The ex-Chancellor also has come out strongly in favour of the European Community setting a firm date in the next decade for introducing a common European currency to back up the proposed 1992 internal market.

Mr Schmidt has clear sympathy for Mr Jacques Delors, the European Commission president, who heads the council of experts which has just completed its report on monetary union. But he says the common currency plan is being blocked by Britain and his own country, in particular through the Bundesbank, the statutorily independent central bank.

In an interview in his spacious Bundestag office beside the Rhine, Mr Schmidt, now 70, showed no nostalgia for the hurly-burly of active politics. Life was now "more agreeable and convenient," he said.

He devotes his time to co-publishing the Hamburg weekly newspaper Die Zeit, organising conferences of ex-government leaders, and writing books. His most recent on international relations, published in 1987, has sold 500,000 hard cover copies and made him wealthy. He has just returned from a conference in Tokyo of international ex-heavyweights exploring ways out of the Third World debt crisis.

Mr Schmidt clearly believes that the world was better run when he was sharing power with people like Valéry Giscard d'Estaing of France or Gerald Ford in the US. "We are very arrogant about ourselves after

Former Chancellor Helmut Schmidt (above) gives **David Marsh** the benefit of his firm views on the European scene

our second whisky at night," he said.

In his view, Mr Kohl is insufficiently decisive about the dispute on so-called modernisation of the US Lance missiles. "Mr Kohl has said no decision is necessary on upgrading until 1991/92. He should have said 'No – no further discussion'." Postponement of the decision was not a solution, said Mr Schmidt. "He misleads the Americans into thinking he might do it in 1991."

Mr Schmidt said the 120km-range Lance might, indeed, need replacing when their useful life ended in the mid-1990s. But they should be succeeded by similar weapons, not the missiles of nearly 500km range favoured by Britain.

Mrs Margaret Thatcher, the British Prime Minister, has proved far more insistent than the Americans on the need for a quick decision on Lance.

Whereas Washington was showing desire for compromise, he said, "Margaret, being an outstanding 19th century figure, wants to appear stern and unbending." In a mixture of admiration and exasperation, he likes to call her "Lady Disraeli".

Mr Schmidt has given up asking Britain to join the European Monetary System fully. Instead, he reserves his vitriol for the Bundesbank.

The D-Mark, he said, could not function as the European monetary pivot; this role had to be played by the European currency unit (Ecu), the EC's composite currency – something he said the Bundesbank was obstructing.

Mr Schmidt said that in 1978/79, when the central bank was similarly reticent about the establishment of the EMS, he won its approval only after threatening to change the law guaranteeing the Bundesbank's autonomy. If Mr Kohl understood more about monetary affairs, suggested Mr Schmidt, he could put similar pressure on the Bundesbank now.

As a frequent traveller, Mr Schmidt said he was exasperated by not being able to use the Ecu himself. Taking out his wallet, held together by an elastic band. He remarked: "It's full of different currencies – francs, pesetas, guilders and D-Marks. If I was Philips or Royal Dutch/Shell, I would like to have just one currency on my balance sheet."

The Ecu would circulate freely in Europe in competition with other currencies, says Mr Schmidt. "It would be accepted in Italy and Spain and Belgium. And if they accepted it, then the bloody Germans would have to accept it too."

CDU conscription decision could prompt change in West German defence policy

By David Marsh in Bonn

MR Helmut Kohl, the West German Chancellor, is moving towards an important reversal of defence policy. The shift follows a call made yesterday by his party, the Christian Democratic Union (CDU), to shelve a planned three-month lengthening of national service which was due to come into effect on June 1.

The likely outcome is that the strength of the West German armed forces, the Bundeswehr, will drop well below its current level of 495,000 men in the early 1990s.

The CDU decision was taken at the end of a two-day meeting of top party officials at Konigswinter outside Bonn and it leave the Chancellor with little other choice but to announce a climb-down on conscription, likely to made in a major government statement on April 27.

Mr Kohl had up to now described the decision – originally made in October 1984 – to increase military service from 15 to 18 months as underlining West Germany's defence readiness.

In an interview with the Financial Times in February, he said: "I have said that the 18 month service time will not be changed. We have promised to Nato to put up a certain number of soldiers, and this will be adhered to. Our friends and partners can rely on us."

The CDU yesterday also spoke out in favour of modifying a much-opposed withholding tax on savings and making catalytic converters obligatory on all new cars from October 1991.

Mr Kohl, the CDU chairman, said after the meeting that he would be discussing with the coalition in the next few days means of translating the recommendations into action.

The plan for longer conscription has become steadily more unpopular as the date for introducing it grew nearer.

The Government has consistently justified the action, however, on the grounds that a lower number of young men will be available for call-up in the early 1990s – a result of the fall in the birth rate during the 1970s.

Against opposition from the liberal Free Democratic Party (FDP), junior partners in the coalition, Mr Kohl ruled at the beginning of the year that the 18 month service period would go ahead as planned.

The FDP, given strong support from the opposition Social Democrats, argued that new figures on an "overhang" of draftees from previous years made the requirement for longer service no longer necessary.

As part of his reaction to general public protests against West Germany's military commitments, Mr Kohl now seems ready to bow to FDP arguments.

Mr Gerhard Stoltenberg, who was named as the new Defence Minister under last week's cabinet reshuffle, will now have the thankless job of trying to work out a fresh Bundeswehr strategy for the 1990s.

This will have to be done on the basis of much reduced manpower.

East-West information forum opens

By Robert Mauthner, Diplomatic Correspondent

A MONTH-LONG forum of 35 Western and Eastern European nations, as well as the US, Canada and the Soviet Union, will open in London today to discuss the free flow of information between East and West and improvements in access to information in the participating states.

Part of the so-called Helsinki process, the decision to hold the forum, was taken at the Conference on Security and Co-operation in Europe Follow-up Meeting in Vienna in January.

The idea behind holding such a meeting is that the free flow of, and free access to, information play an important role in promoting confidence and understanding between the CSCE participants.

One of the main aims of the forum will be to discuss how conditions for journalists and broadcasters in the participating states can be improved, particularly through the removal of travel restrictions, the more rapid granting of visas and easier access to political leaders and officials in the host countries.

Both Western and Eastern media representatives regularly complain about the bureaucratic and political restrictions which prevent them from carrying out their work.

Complaints

That is true particularly for some of the Western countries' relations with the Soviet Union.

British journalists based in Moscow and Soviet journalists based in London both have to apply for special permission to travel beyond a certain distance from the respective capitals.

Soviet and East European journalists based in Britain have also complained about the length of time it takes to renew their residence visas.

British and other Western journalists in the Soviet Union are constantly frustrated by their failure to obtain permission to travel to crisis areas, such as Georgia last week, at the time important events are taking place.

It is not yet certain whether it will be decided to have a concluding document at the end of the forum on May 12, since it is not an inter-governmental meeting and its purpose is to make recommendations, not to take binding decisions.

Lord Rees-Mogg, chairman of the UK Broadcasting Standards Council, will lead a 20-strong British delegation made up mainly of leading personalities in the field of journalism and communication.

Price controls on Polish agriculture ended

By Christopher Bobinski, recently in Piaski Szlacheckie

THE POLISH Government yesterday abolished price controls on agricultural products sold by farmers and set guaranteed minimum farm prices some 34 per cent above the rate previously paid by the state.

The move comes amidst the most widespread farm protests for 50 years, and intense rivalry between Rural Solidarity and the offical farmers' union for support among the private farmers who hold 80 per cent of the land.

Food prices for consumers are to remain unchanged for the moment, but will presumably be freed after parliamentary elections in June, when wages will also be raised to compensate for the inevitable inflation that will follow the lifting of subsidies.

The speed with which the Government has moved on the prices issue shows how afraid it is of a slump in farm output.

The authorities are also aware that for the first time, under new election rules, voters in the countryside and the small towns will play a key role in deciding the make-up of Poland's Senate.

The 100-seat Senate, for which Poles will vote freely, will be made up of two representatives from each of the country's 49 provinces, except Warsaw and Katowice which are to each have three.

Some 30 of the provinces are dominated by rural voters. They could thus control 60 seats in the Senate, even though two-thirds of the population live in towns.

Farm protests were sparked off over a month ago by increases in land tax, insurance and pension payments which farmers refused to pay.

The cost of bank loans went up from 9 to 27 per cent, while continuing rises in the cost of farming equipment and consumer durable goods have also spurred unrest.

At first, the protests – which have spread to most parts of the country – were supported by the official farmers' unions while Rural Solidarity, embroiled in round-table talks with the authorities, kept its distance.

Now, both movements are involved. Yesterday, Mr Kazimierz Olesiak, the deputy premier in charge of the farm ministry, was to have held talks with Rural Solidarity on their demands that prices of farm machinery be linked to the price of produce and that interest rates for farmers be held at 10 per cent.

But the Government cancelled the talks at the last minute. Last Thursday more than 1,000 farmers, representing protest committees from five provinces, met in Piaski Szlacheckie, a village 100 miles east of Warsaw, and decided not to suspend their protest until the talks began.

A month ago the village, which has 56 farms, became the first in the area to stop delivering milk and meat to the state. The farmers' stormy meeting indicated that while local people want a better economic deal, they are ambivalent about both unions.

Mr Gabriel Janowski, a Rural Solidarity national leader, urged support for his movement. He called on the farmers to support Solidarity in the elections which would be "a plebiscite for Poland's future or Poland's collapse under the direction of the Communist Party."

But he was followed by a woman speaking from the floor who accused him of seeking to divide the farmers. "We are all striking here together and you are trying to divide us," she shouted at Mr Janowski.

Solidarity official Tadeusz Mazowiecki runs down the steps of a Warsaw court yesterday after the court legalised the union, ending a seven-year ban imposed under martial law

OeVP changes, poll losses may unseat Mock

By Judy Dempsey in Vienna

THE political future of Mr Alois Mock, Austria's vice Chancellor and Foreign Minister, hung in the balance last night as his Conservative People's Party (OeVP) met to push through major personnel changes. Last week Mr Robert Graf, the Economy Minister and a close ally of Mr Mock announced his resignation.

The changes in the OeVP, the junior partner in the socialist-led coalition Government, were precipitated following the party's disastrous showing in the recent provincial elections in Tirol, Kärnten and Salzburg in which the main winners were Mr Jörg Haider, the charismatic leader of the small right-wing Freedom Party (FPO), and the Greens.

Much of the blame has since been levelled against Mr Mock who has been leader of the OeVP for the past 11 years.

Besides being unable to bring the party back into power, Mr Mock has been under the shadow of Mr Franz Vranitzky, the Socialist Chancellor since 1987 when the "Grand Coalition" was set up.

It was widely expected last night that Mr Mock would be replaced by Mr Josef Riegler, the Minister for Agriculture. However, Mr Mock may well remain as Foreign Minister.

Other changes at the Ministries of Economy, Science and Research are also expected.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-March 1989

	Volume (Units)	Volume Change(%)	Share (%) Jan-Mar 89	Share (%) Jan-Mar 88
TOTAL MARKET	3,606,000	+6.1	100.0	100.0
MANUFACTURERS:				
Fiat (incl. Lancia & Alfa Romeo)	566,000	+4.3	15.7	16.0
Volkswagen (incl. Audi and Seat)	502,000	+5.8	13.9	13.9
Peugeot (including Citroen)	497,000	+14.7	13.8	12.7
Ford	409,000	+7.0	11.3	11.3
General Motors (Opel, Vauxhall)	397,000	+10.7	11.0	10.5
Renault	375,000	+5.6	10.4	10.4
Mercedes-Benz	118,000	-7.2	3.3	3.4
Austin Rover	112,000	-7.9	3.1	3.6
BMW	102,000	+22.3	2.8	2.5
Nissan	100,000	+7.3	2.8	2.8
Toyota	84,000	-3.7	2.3	2.6
Volvo	75,000	+4.5	2.1	2.1
Total Japanese	365,000	+1.3	10.1	10.6
MARKETS:				
West Germany	696,000	+6.2	19.3	19.3
Italy	675,000	+5.4	18.7	18.8
United Kingdom	631,000	+7.9	17.5	17.2
France	592,000	+9.9	16.4	15.8
Spain	286,000	+7.4	7.9	7.8

Source: Industry estimates

Car sales brake sharply in Western Europe

By Kevin Done, Motor Industry Correspondent

THE RATE of growth of new car sales in West Europe slowed sharply in March, although demand in the first quarter was still 6.1 per cent higher than a year ago at 3.60m.

March sales were virtually unchanged with an increase of 0.6 per cent to 1.334m, compared with 1.327m in the corresponding month of 1988, according to preliminary industry estimates.

Several volume manufacturers have reported signs of a weakening in new orders after four years of record demand, which pushed sales to 12.97m last year. Industry forecasts suggest sales will weaken.

New car sales in March were lower than a year ago in 10 of 17 markets, including West Germany, France and Spain. They were also down in Sweden, Finland, Denmark and Norway, and in Greece, Belgium and Luxembourg.

They continued to rise in Britain and Italy, and first quarter sales were still significantly higher than a year ago in all five main volume markets: West Germany, Italy, UK, France and Spain. Portugal remained the fastest growing, with sales 22 per cent higher than a year ago.

Fiat, which includes Lancia, Alfa Romeo and Ferrari, was the clear market leader in the first quarter, capturing an estimated 15.7 per cent, ahead of Volkswagen, which includes Audi and SEAT, with 13.9, and Peugeot, which includes Citroen, with 13.8.

Fiat has traditionally established a commanding early lead in the first half of the year, but has been overtaken by VW. Last year it was caught at the finishing line by VW which has been the European market leader for the past four years. In the first quarter of this year, the Fiat's lead was slightly narrower than at the same stage a year ago.

Peugeot is closing the gap and was the fastest growing volume car maker in the first three months. Sales volume leaped 14.7 per cent, against 5.8 for VW and 4.3 for Fiat.

In March alone, however, Peugeot was outperformed by Opel/Vauxhall, the European subsidiaries of General Motors, which increased sales by 6.2 per cent compared with the 0.6 per cent growth in the overall market. In the first quarter GM's European sales volume rose by 10.7 per cent, capturing 11 per cent of the market to close the gap on its arch rival, Ford, which gained 11.3.

Daimler Benz has been one of the biggest losers in the first quarter when Mercedes-Benz sales fell by an estimated 7.2 per cent, and by 11.4 per cent in March alone. By contrast, BMW, its main rival, has raised sales volume by 22.3 per cent so far this year.

Rover Group experienced a drop of almost 8 per cent across Europe in the first quarter. Sales by several Japanese groups, including Toyato, Mazda and Honda, are also lower than a year ago, although Nissan increased volume by 7.3 per cent, helped by growing UK production, to capture 2.8 per cent of the market.

Toyota, the leading Japanese automotive group, gained an estimated 2.3 per cent of the West European new car market in the first quarter, compared with 2.6 per cent a year ago.

Nordic pay negotiators achieve the new via the old

Realism reigns despite a widespread return to centralised wage bargaining, writes Robert Taylor

PAY settlements in the Nordic region this spring have produced mixed results in the continuing struggle to contain wage push inflation and high unit labour costs that have hurt international competitiveness.

But the agreements all suggest a surprising revival in centralised collective bargaining and, except in Sweden, there does appear to be a sense of realism among trade unions and their members which should help to lessen wage pressures in the labour market.

In spite of high rates of unionisation and relatively low levels of unemployment, except in Denmark, it looks as though voluntary self-restraint is exercising an effective influence on wage negotiations, at least in the private sector, with governments exercising a benevolent role on the outside making promises of tax cuts in return for pay restraint.

Indeed, the wage bargaining process – with its echoes of the half-hearted and ultimately unsuccessful attempts at incomes policies in Britain in the sixties and seventies – continues to emphasise the exceptional nature of Scandinavia where job protection measures, generous welfare benefits and high taxation have not detonated a pay explosion.

Just before Easter in Sweden there was a surprising return to a national wage agreement between the blue-collar union organisation, the LO, and the country's main employers' body, SAF. This is to last for two years with rises for the 1m workers in the private sector covered by the deal of 5.6 per cent this year and 3.3 per cent in 1990.

Similar agreements, with guarantees against rising prices and a trade-off with tax cuts promised through the 1990 budget, are expected to follow for 280,000 white-collar staff in the private sector and teachers, police and civil servants whose wage agreements expire this year.

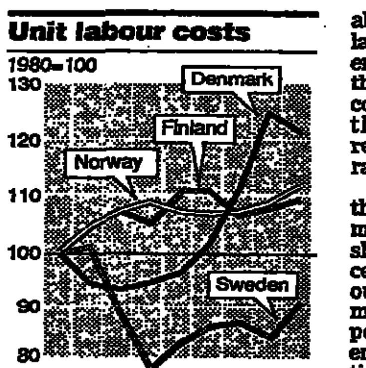
The agreement has aroused some criticism because it will do little to lower wage expectations over the next two years. With notorious wage drift of perhaps 3 per cent in 1989 and again next year it could push the average level of settlements at factory level up to 9 per cent, further damaging Sweden's competitiveness.

By contrast, in Norway, Mrs Gro Harlem Brundtland's Labour Government, facing a general election in the autumn, can be well satisfied with an agreement, backed by law with penal sanctions, for 1989 which will hold down average wage increases throughout the country to between 3.5 and 4 per cent. Unlike last year when the Government imposed a statutory wage freeze, this time Norway's unions and employers reached a voluntary deal. But Mrs Brundtland clearly takes the view that non-unionised workers should also be included in its specifications to prevent any sense of injustice.

A half per cent cut in the country's pay roll tax and a 1 per cent reduction in investment tax is expected to reduce Norwegian wage costs by 0.7 per cent. It has been estimated that the overall outcome will be an improvement in Norway's international competitiveness of between 1.5 and 2 per cent.

There appears to be a similar sense of achievement in Denmark this spring. At the beginning of last month the main unions and employers signed a central agreement that is expected to produce average wage rises for Danish workers of between 3 and 3.5 per cent, including wage drift, though a reduction in the working week to 37 hours over the next two years will mean a total increase in wage costs of 4.5 per cent for the coming twelve months.

Unit labour costs



Source: IMF

Public sector workers in Denmark will enjoy only a 2.5 per cent rise in their basic rates. In a country with a deserved reputation for industrial militancy and high inflationary wage deals this is a low settlement, though perhaps higher than Denmark can afford.

In Finland workers received minimum pay rises of 1 per cent on March 1 as part of the so-called stabilisation agreement reached last August between the Government, unions and employers' organisations. This is supposed to guarantee a 2.5 per cent rise in real disposable incomes in 1989 through a mix of tax cuts and basic wage rises. It is expected that wage rates will go up by about 5.5. or 6 per cent in Finland this year, though the Government could face trouble in the autumn as it attempts to cool the overheated economy through further fiscal restraint and higher interest rates.

The apparent moderation in the general level of pay settlements in the Nordic region should not encourage complacency about the medium-term outlook for earnings movements. The difficulties of competitiveness remain real enough. Relatively low productivity continues to pose serious difficulties. The huge public services sector in Sweden and Denmark could face radical change shortly as governments try to deal with deep structural problems. Much will depend on what happens in local bargaining, where skilled labour shortages could bid up wages.

Yet there remains a strong sense of social consensus in the region for all its fragmented individualistic tendencies. The return of centralised bargaining does not mean corporatism, for governments are keen to keep their heads down and not become active themselves in the wage system. However, there can be little doubt that the mix of financial policies – tax cuts as trade-offs for responsible pay rises – is becoming increasingly popular.

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EUROPEAN NEWS

Literary row exhumes war ghosts

Tom Burns reviews the 'agony and victory' of a historical bestseller

IT WAS ALMOST inevitable that on the 50th anniversary of the end of the 1936-39 Spanish Civil War, the top prize in Spain for an historical work would go to a book dealing with what Spaniards call *La Guerra* – The War. The fracas that ensued was less predictable.

Tha gala dinner to award the $43,000 prize turned into something of a verbal brawl. Insults were exchanged and distinguished members of the literary and political establishments made dramatic exits and stormed out of the luxury Madrid hotel where the banquet was held.

If nothing else this year's Espejo de Espana, literally the Mirror of Spain, prize-giving ceremony seemed to show that the ghosts of that civil war have not been laid to rest.

Confrontations, albeit of the jaw-jaw kind, continue after the anniversary of nationalist troops goose-stepping down Madrid's Castellana Boulevard on April 1 1939, nearly three years after General Franco's uprising against the left-wing Republican government.

The winning work in question, entitled "1939. Agony and Victory," describes what allegedly happened in Madrid exactly half a century ago as Gen Franco's troops were poised to enter the besieged city.

The imminent publication of the book, written by professor Ricardo de la Cierva, a prolific conservative historian, has already created as much debris as might a Miura stud bull let lose in the Royal Palace's porcelain collection.

Mr Enrique Mujica, who is a stalwart of the governing Socialist Party and is currently Minister of Justice, was one of the very disgruntled members of the Espejo de Espana jury and he resigned from it as the winner was announced.

"My decision to abandon the jury is a political response to a political situation," seethed the minister.

He labelled Mr de la Cierva's book a "fascist manifesto" and said his walkout was a "democratic act in the face of neo-fascist gathering."

Fellow jury member Professor Javier Tussel, a past Espejo de Espana prize winner and a prominent Christian Democrat, also boycotted the award.

Personalities played a part in this second confrontation for Mr Tussel and Mr de la Cierva have long been academic rivals.

Mr Tussel said the book had been hurriedly written and had presented, as new source material, documents that had already been published. For good measure he said that the publishers, who obviously know a controversial bestseller when they see one, had rigged the voting.

Mr Tussel then went on to make a revealing statement: "Above all this is a book that 50 years later still treats the Civil War as if it had been a battle between the good on one side and the bad on the other."

His view was echoed by Mr Mujica who expressed his disgust at the manner in which the book had present the ensuing Franco dictatorship as "a period of profound peace."

The two dissident jury members agreed, in particular, that the book had treated badly the memory of Mr Julian Besteiro, a gentle and dignified socialist who was mayor of the embattled city of Madrid.

The tragic figure of the elderly Mr Besteiro is certainly a Civil War skeleton that still rattles.

This is because he was one of the men responsible for a plot in the closing stages of the war that ousted the communist-dominated junta that organised the defence of Madrid in an attempt to negotiate a settlement with General Franco so as to avoid further bloodshed.

Viewed as a "red" by an uncompromising General Franco who rebuffed his efforts and regarded as a traitor by the hardline republican left, Mr Besteiro fell between the two opposing camps, reviled by both. He was later to die in a Franco jail and his prison letters to his wife, published last year, are a moving document.

Mr Mujica and Mr Tussel believe now, 50 years later, the socialist mayor of Madrid ought to be hailed as the voice of reason who honourably tried to halt the conflict.

According to Mr Tussel, Mr de la Cierva's book depicts Mr Besteiro as "a gaga old man." Mr Mujica was outraged at the manner in which the book charts contacts between the socialist leader and Franco supporters long before Franco's victory was imminent.

The Espejo de Espana row is probably the last shot in the mostly muted commemoration of the events 50 years ago. There have been some polemics, notably when Spanish television ran a series that was considered slanted to the left, and, in addition, periodic visits to Spain over the past three years by veterans of the International Brigades have served, on occasions, to reopen old wounds.

There have also been a number of academic seminars and several monographs have been written by and for specialists. Professor Juan Pablo Fusi, the director of Madrid's National Library, says the seminars he attended were broadly disappointing and that little, if anything, has been produced to make a lasting impression on the bibliography of the Civil War.

Mr Fusi was not surprised by the row over this year's Espejo de Espana prize.

A past winner of the award – for a book on the post-Franco transition that he wrote in conjunction with Britain's Sir Raymond Carr – Mr Fusi believes there will be even greater controversy when historians revise the history of Francoism.

"So far there has been a lot of work on the opposition to Franco but nobody has tried to explain how Spanish society came to terms with the dictatorship after he Civil War and how Franco consolidated his rule," says Mr Fusi.

As far as the general Spanish public is concerned, people have preferred not to remember their recent history.

"When Franco died and democracy returned there was a tacit understanding not to ask too much about the past," says Mr Rafael Borras, the dynamic literary editor of the Barcelona publishing house Planeta which instituted the Espejo de Espana award 14 years ago. "The collective conscience is marked by a desire to forget."

Planeta, Mr Borras and the polemical Mr de la Cierva have gambled successfully on stirring things up and the book is being rushed into print with a 100,000 run.

MOMENT OF DEATH: 1936 - A Spanish loyalist soldier falls during an attack on a rebel machine gun nest in Cordoba. This famous and controversial photograph by Robert Copa was taken as he crouched in a trench on the battlefield.

Charting a course for European monetary union

Simon Holberton unravels the import of the EC's third attempt to forge closer financial links

Eyes on the future: Jacques Delors argued that closer monetary union is needed for the single market to succeed

Tony Andrews

IT IS said that a camel is the result of a committee's attempt to design a horse. Whether the report from the 17-strong Delors committee of central bankers and outside experts will prove as useful depends ultimately on politicians.

Yesterday's report represents the third attempt by the Community to forge closer economic and monetary links. The Werner report of the early 1970s, which was scuttled by the first oil shock, called for it, and union was implicit in the creation of the European Monetary System, set up in March 1979 to limit currency fluctuations among eight of the 12 EC nations.

The issue had been, and is, back on the agenda of Community debate. And it is back there both because of the success of the EMS and what many see as the imperatives of the 1992 process. As such, it may represent the best attempt to advance the ball towards greater union.

The 1992 programme for a barrier-free internal Community market has given a major impetus to talk of more economic cohesion. With Europe dismantling internal barriers to trade, it was argued that businessmen would increasingly question why the region should have 11 currencies and 12 monetary authorities and all the inconvenience that entails.

Before last summer's Hanover summit, supporters of monetary union were able to point to a more favourable economic environment than in the past. Inflation had fallen in all EC countries during the 1980s, reducing differentials that were a major cause of monetary disturbance.

The EMS had defied the sceptics. As members of the EMS exchange rate mechanism (the ERM), West Germany, France, Italy, the Benelux countries, Denmark and Ireland could look back on a record of currency stability with each other that compared very favourably with the wild gyrations of free floating currencies such as the British pound, the US dollar and Japanese yen.

Yet, despite the success of the EMS, many of its supporters feared for its future unless the system were strengthened by institutional steps towards economic and monetary union. The Bank of Italy, in particular, feared that the planned abolition of exchange controls in most EC countries in 1990 would confront the EMS member states with an impossible task of reconciling free trade, full capital mobility, fixed exchange rates and national monetary autonomy.

Early in 1988, some notable political leaders such as Mr Hans-Dietrich Genscher, the West German Foreign Minister, came to the conclusion that if anything had to give, it had better be national monetary autonomy. Ahead of Hanover he advocated the creation of a European central bank and common currency.

This call was echoed by eminent political leaders from the past like Mr Helmut Schmidt, the former West German Chancellor, and Mr Valéry Giscard d'Estaing, the former French President. These men brought to the discussion the added authority of having been the driving forces behind the creation of the EMS.

At the Hanover summit itself, the keenest supporters of institutional progress towards economic and monetary union were Mr Helmut Kohl, the West German Chancellor, President François Mitterrand of France and Mr Ciriaco De Mita, the Italian Prime Minister. Perhaps significantly, none of these leaders had accumulated financial experience in their careers.

That was provided by the Delors committee and it is no surprise that much of its report discusses the economic consequences of union. The report was, however, the result of much horse trading and brinkmanship and, indeed, it was always going to be so, given the differing views of national governments.

The central bank governors, who were the most important group on the committee, let these views filter out to the public in a series of speeches from September to December last year.

By the time the committee reached crux of the issue it had divided into two broad groups: West Germany, the UK and Luxembourg which put economic considerations before monetary union and wanted the latter left to an unspecified future; and France, Italy and Mr Delors himself, who argued that only through greater development of monetary affairs could the single market be successful.

This disagreement was at the core of the difficulties the committee faced. While the report talks about monetary union and the structures and changes necessary to support it, the report does not commit itself to a timetable.

It does, however, tilt closer in the directions of the integrationists, than those who were against it, and does go into considerable detail as to the nature of the structures and changes necessary to give effect to union.

It deals with the committees necessary for the operation of a functioning Eurocentral bank. As such it lays down a marker for the future should such an institution ever become a reality.

Summit hurdles loom for report

By David Buchan

WHATEVER its fate at the hands of government leaders, the Delors report advances the European Commission further than ever into the forbidden territory of monetary affairs.

The propaganda war will now start in earnest, with Mr Jacques Delors, the Commission president who chaired the 17-man study group of central bank governors and outside experts, calling a special meeting next Saturday to get his Commission colleagues' endorsement of the report.

Thereafter, the Commission can be expected to trumpet the virtues of the report, to which Community finance ministers will be giving a more considered reaction in May than they did in Luxembourg yesterday.

The most important hurdles, however, will be the EC summits in Madrid in late June and in Paris towards the end of the year. "We hope it (the report) will get a pat on the back from Madrid and a big push from Paris," said a Commission official yesterday.

As for Mr Delors, he regards the very act of chairing the committee – let alone its broadly unanimous conclusions – as overdue recognition that he is a "serious" money man.

On arriving at the Commission in 1985, he had hoped to exploit his one ministerial experience (as French finance minister) to launch an EC monetary initiative, until he quickly got sidetracked into the much more promising 1992 single market venture.

Even so, it rankled with him that as EC Commissioner for monetary affairs (more a watching than an acting brief), he has never been admitted to the Group of Seven financial deliberations of major industrialised countries. Even in the Community context, the Commission's role remains very limited.

It does not administer the European Monetary System (EMS), which though it was set up by an EC Council of Ministers resolution in 1979 remains an arrangement among EC central banks. The Commission has no right to attend meetings of the EC Central Bank Governors Committee in Basle (off Community soil), and does so only at invitation.

Last June's Hanover summit put Mr Delors "over the moon" in delight, by creating the special monetary study committee and by putting him in the chair. Formally speaking, he only participated in his personal capacity (as did all the committee members). But the fact that he yesterday gave the press conference on the report, and that the Commission is translating and printing the report will give a boost to its monetary ambitions.

Should EC leaders care to put the report recommendations into practice, the Commission will be further involved – in particular redrafting the 1964 and 1974 EC directives which, respectively, set up the EC central bank governors committee and the so-called economic convergence consultations between EC finance ministers.

Mr Delors is not the only Commissioner with deep monetary interests. The Commission contains four other members with finance ministerial experience.

Withholding tax proposal hits trouble

GROWING opposition to European Commission plans to impose a common withholding tax on savings emerged yesterday among EC finance ministers, but West Germany did not confirm the speculation that it might join the critics, writes David Buchan.

Mr Hans Tietmeyer, the West German State Secretary for Finance, said his government still supported the principle of harmonised Community treatment for capital savings, though the newly reshuffled cabinet would review how the tax might affect small savers.

Replacement of Mr Gerhard Stoltenberg by Mr Theodore Waigel as Finance Minister has prompted speculation about a change of tack on tax.

Mr Nigel Lawson, UK Chancellor, pointed out the danger of espousing the Commission tax plan by noting the absence of Mr Stoltenberg, who introduced a 10 per cent tax-at-source in West Germany. The UK was joined by Luxembourg, and to varying degrees yesterday by the Netherlands, Greece and Denmark in resisting the plan.

EC Ministers have given themselves until June 30 to pronounce one way or another on the plan, designed to stem large flows of tax-shy money after most exchange controls are lifted on July 1, 1990.

Greater convergence of economic performance key to capitalising on single market after 1992

A quantum jump to secure a big increase in economic welfare

This is an edited text of the Report on Economic and Monetary Union in the European Community.

ECONOMIC and monetary union in Europe would imply complete freedom of movement for persons, goods, services and capital, as well as irrevocably fixed exchange rates between national currencies and, finally, a single currency. This, in turn, would imply a common monetary policy and require a high degree of compatibility of economic policies and consistency in a number of other policy areas, particularly in the fiscal field. These policies should be geared to price stability, balanced growth, converging standards of living, high employment and external equilibrium. Economic and monetary union would represent the final result of the process of progressive economic integration in Europe.

Even after attaining economic and monetary union, the Community would continue to consist of individual nations with differing economic, social, cultural and political characteristics. The existence and preservation of this plurality would require a degree of autonomy in economic decision-making to remain with individual member countries and a balance to be struck between national and Community competences.

Taking into account what is already provided for in the EC Treaties, the need for a *transfer of decision-making power* from member states to the Community as a whole would arise primarily in the fields of monetary policy and macro-economic management. A monetary union would require a single monetary policy and responsibility for the formulation of this policy would consequently have to be vested in one decision-making body.

The principal features of monetary union

A monetary union constitutes a currency area in which policies are managed jointly with a view to attaining common macro-economic objectives. There are three necessary conditions for a monetary union:

- the assurance of total and irreversible convertibility of currencies;
- the complete liberalisation of capital transactions and full integration of banking and other financial markets; and
- the elimination of margins of fluctuation and the irrevocable locking of exchange rate parities.

The first two of these requirements have already been met, or will be with the completion of the internal market programme. The single most important condition for a monetary union would, however, be fulfilled only when the decisive step was taken to lock exchange rates irrevocably.

The three above-mentioned requirements define a single currency area, but their fulfilment would not necessarily mark the end of the process of monetary unification in the Community. The adoption of a single Currency, while not strictly necessary for the creation of a monetary union, might be seen for economic as well as psychological and political reasons - as a natural and desirable further development of the monetary union. . .

Once permanently fixed exchange rates had been adopted, there would be a need for a common monetary policy, which would be carried out through new operating procedures. The responsibility for the single monetary policy would have to be vested in a new institution, in which centralised and collective decisions would be taken on the supply of money and credit as well as on other instruments of monetary policy, including interest rates.

This shift from national monetary policies to a single monetary policy is an inescapable consequence of monetary union and constitutes one of the principal institutional changes. . .and the implications of such a move would be far-reaching. The permanent fixing of exchange rates would deprive individual countries of an important instrument for the correction of economic imbalances and for independent action in the pursuit of national objectives, especially price stability.

Institutional arrangements

Economic and monetary union would require the creation of a new monetary institution, placed in the constellation of Community institutions (European Parliament, European Council, Council of Ministers, Commission and Court of Justice).

A new monetary institution would be needed because a single monetary policy cannot result from independent decisions and actions by different central banks. Considering the political structure of the Community and the advantages of making existing central banks part of a new system, the domestic and international monetary policy-making of the Community should be organised in a federal form, in what might be called a European System of Central Banks (ESCB). At the final stage the ESCB - acting through its Council - would be responsible for formulating and implementing monetary policy as well as managing the Community's exchange rate policy vis-a-vis third currencies. The national central banks would be entrusted with the implementation of policies in conformity with guidelines established by the Council of the ESCB and in accordance with instructions from the central institution.

The European System of Central Banks would be based on the following principles:

Mandate and functions

- the System would be committed to the objective of price stability;
- the System should support the general economic policy set at the Community level by the competent bodies;
- the System would be responsible for the formulation and implementation of monetary policy, exchange rate and reserve management the maintenance of a properly functioning payment system;
- the System would participate in the coordination of banking supervision policies of the supervisory authorities.

Structure and organisation

- a federative structure, since this would correspond best to the political diversity of the Community;
- establishment of an ESCB Council (composed of the Governors of the central banks and the members of the board, the latter to be appointed by the European Council), which would be responsible for the formulation of and decisions on the thrust of monetary policy; modalities of voting procedures would have to be provided for in the Treaty;
- establishment of a Board with supporting staff which would monitor monetary developments and oversee the implementation of the common monetary policy;
- national central banks, which would execute operations in accordance with the decisions taken by the ESCB Council.

Status

- Independence: the ESCB Council should be independent of instructions from national governments and Community authorities;
- accountability reporting would be in the form of submission of an annual report by the ESCB to the European Parliament and the European Council.

General criteria

In order to ensure the flexible and effective conduct of policies in those economic areas in which the Community would be involved, several basic requirements would have to be fulfilled:

- where policies were declared and enacted at the community level, there would have to be a clear distribution of responsibilities among the existing Community institutions, a distinction being made as to whether decisions related to the setting of broad policy directions or to day-to-day operations. By analogy with the structure of the European System of Central Banks, where the ESCB Council would determine the broad lines of monetary policy and the Board would be responsible for its day-to-day execution, a similar division of responsibilities could be envisaged in the economic field the Council of Ministers would determine the broad lines of economic policy, while the implementation would be left to the national governments and the Commission in their respective areas of competence, in the event of non-compliance by member states, the Commission, or another appropriately delegated authority as envisaged. . .would be responsible for taking effective action to ensure compliance; the nature of such action would have to be explored.

Steps towards economic and monetary union

The Committee agreed that *the creation of an economic and monetary union must be viewed as a single process.* Although this process is set out in stages which guide the progressive movement to the final objective, the decision to enter upon the first stage should be a decision to embark on the entire process.

A clear political commitment to the final stage would lend credibility to the intention that the measures which constitute stage one should represent not just a useful end in themselves but a firm first step on the road towards economic and monetary union. It would be a strong expression of such a committment if all members of the Community became full members of the EMS in the course of stage one and undertook the obligation to formulate a convergent economic policy within the existing institutions.

Given that background, commitment by the political authorities to enter into negotiations on a new Treaty would ensure the continuity of the process. Preparatory work for these negotiations would start immediately. At the end of this Report suggestions are made regarding the procedures to be followed for the further development of economic and monetary union.

Principles governing a step-by-step approach

In designing a step-by-step approach along the path to economic and monetary union the general principle of subsidiarity as well as a number of further considerations, would have to be taken into account.

Discrete, evolutionary steps

The process of implementing economic and monetary union would have to be divided into a limited number of clearly defined stages.

Parallelism: Monetary union without a sufficient degree of convergence of economic policies is unlikely to be durable and could be damaging to the Community. Parallel advancement in economic and monetary integration would be indispensable in order to avoid imbalances which could cause economic strains and loss of political support for developing the Community further into an economic and monetary union.

Calendar: The conditions for moving from stage to stage cannot be defined precisely in advance; nor is it possible to foresee today when these conditions will be realised. However there should be a clear indication of the timing of the first stage, which should start no later than 1st July 1990 when the Directive for the full liberalisation of capital movements comes into force.

Participation: Pending the full participation of all member countries - which is of prime importance - influence on the management of each set of arrangements would have to be related to the degree of participation by member states However, this management would have to keep in mind the need to facilitate the integration of the other members.

The ECU

The Committee investigated various aspects of the role that the ECU might play in the process of economic and monetary integration in Europe.

The Committee was of the opinion that the ECU has the potential to be developed into such a common currency. This would imply that the ECU would be transformed from a basket of currencies into a genuine currency. The irrevocable fixing of exchange rates would imply that there would be no discontinuity between the ECU and the single currencies of the union and that ECU obligations would be payable at face value in ECUs if the transition to the single currency had been made by the time the contract matured.

The principal steps in stage one

Stage one represents the initiation of the process of creating an economic and monetary union. It would aim at a greater convergence of economic performance through the strengthening of economic and monetary policy coordination within the existing institutional framework. In the institutional field, by the time of the transition to stage two, it would be necessary to have prepared and ratified the Treaty change.

In the economic field the steps would centre on the completion of the internal market and the reduction of existing disparities through programmes of budgetary consolidation in those countries concerned and more effective structural and regional policies.

The reform of the structural funds and doubling of their resources would be fully implemented in order to enhance the ability of Community policies to promote regional development and to correct economic imbalances.

The 1974 Council Decision on economic convergence would be replaced by a new procedure that would strengthen economic and fiscal policy co-ordination.

In the monetary field the focus would be on removing all obstacles to financial integration and on intensifying cooperation and the co-ordination of monetary policies. Realignments of exchange rates would still be possible, but an effort would be made by every country to make the functioning of other adjustment mechanisms more effective.

It would be important to include all Community currencies in the EMS exchange rate mechanism The same rules would apply to all the participants in the exchange rate mechanism.

The 1974 Council Decision defining the mandate of the Committee of Central Bank Governors would be replaced by a new Decision. According to this decision the Committee of Central Bank Governors should:

- formulate opinions on the overall orientation of monetary and exchange rate policy, as well as on measures taken in these fields by individual countries.

The Committee could express majority opinions, although at this stage they would not be binding. The Committee would set up three subcommittees, with a greater research and advisory role than those existing hitherto, and provide them with a permanent research staff;

- a monetary policy committee would define common surveillance indicators, propose harmonised objectives and instruments and help to gradually bring about a change from ex post analysis to an ex ante approach to monetary policy co-operation;
- a foreign exchange policy committee would monitor and analyse exchange market developments and assist in the search for effective intervention strategies;
- an advisory committee would hold regular consultations on matters of common interest in the field of banking supervision policy.

A number of Committee members advocated the creation of a European Reserve Fund that would foreshadow the future European System of Central Banks.

All EC central banks would be eligible to join the Fund. However, membership would be subject to their participation in the exchange rate mechanism, the reason being that the EMS implies specific constraints on monetary policy and foreign exchange interventions, both of which require a common approach on the part of the central banks concerned, The EEF would consist of:

- a Board of Directors, which would comprise, ex officio, the Governors of all the central banks participating in the ERE,
- an Executive Committee, whose members would be selected by the Committee of Governors on the basis of competence. This Executive Committee would be small in size, consisting of three or four members who would have direct responsibility for the different departments of the EFR,
- the three Committees, namely the Foreign Exchange Policy Committee, the Monetary Policy Committee and the Committee on Banking Supervision Policy;
- two departments: a Foreign Exchange and Reserve Management Department and a Monetary Policy Department.

The principal steps in stage two

Stage two must be seen as a period of transition to the final stage and would thus primarily constitute a training process leading to collective decision-making, while the ultimate responsibility for policy decisions would remain at this stage with national authorities.

The procedures set up in the first stage would be further strengthened and extended on the basis of the new Treaty. Policy guidelines would be adopted by majority decision. On this basis the Community would:

- set a medium-term framework for key economic objectives aimed at achieving stable growth, with a follow-up procedure for monitoring performances and intervening when significant deviations occurred;
- set precise - although not yet binding - rules relating to the size of annual budget deficits and their financing;
- assume a more active role as a single entity in the discussion of questions arising in the economic and exchange rate field.

In the monetary field, the most important feature of this stage would be that the European System of Central Banks would be set up and would absorb the previously existing institutional monetary arrangements (the EMCF, the Committee of Central Bank Governors, the subcommittees for monetary policy analysis, foreign exchange policy and banking supervision, and the permanent secretariat). Exchange rate realignments would be. . .made only in exceptional circumstances.

The key task for the European System of Central Banks during this stage would be to begin the transition from the coordination of independent national monetary policies by the Committee of Central Bank Governors in stage one to the formulation and implementation of a common monetary policy by the ESCB itself scheduled to take place in the final stage.

The transition that characterises this second stage would involve a certain number of actions. For instance, general monetary orientations would be set for the Community as a whole, with an understanding that national monetary policy would be executed in accordance with these global guidelines. Also, a certain amount of exchange reserves would be pooled and would be used to conduct exchange market interventions in accordance with guidelines established by the ESCB Council. Finally, regulatory functions would be exercised by the ESCB in the monetary and banking field in order to achieve a minimum harmonisation of provisions.

The principal steps in stage three

The final stage would commence with the move to irrevocably locked exchange rates and the attribution to Community institutions of the full monetary and economic competences. In the course of the final stage the national currencies would eventually be replaced by a single Community currency:

In the economic field, the transition to this final stage would be marked by:

First, there might need to be a further strengthening of Community structural and regional policies. Instruments and resources would be adapted to the needs of the economic and monetary union.

Second, the rules and procedures of the Community in the macro-economic and budgetary field would become banding.

In the monetary field, the irrevocable locking of exchange bates would come into effect and the transition to a single monetary policy would be made, with the ESCB assuming all its responsibilities as foreseen in the Treaty.

OVERSEAS NEWS

Dock strike closes most of India's major ports

By K.K. Sharma in New Delhi

ABOUT 125,000 port and dock workers yesterday began an indefinite strike in India's 11 major ports to press the Government to agree to a substantial wage increase after last-minute talks on their charter of demands with Ministry of Surface Transport officials collapsed.

The Government carried out a contingency plan to maintain essential imports of petroleum products, fertilisers, cooking oil and other goods, but the strike could seriously add to the country's balance of payments problems if it is prolonged. Key imports will continue to be unloaded with the help of the Indian Navy and the territorial army but no provision has been made for loading of export cargo during the strike period.

The strike has been called by the Port and Dock Workers' Federation formed by four major unions which scaled down its original demand for a 66 per cent pay rise to 28 per cent in the last round of talks held early yesterday. The strike is backed by all political parties controlling the four unions, including the Indian National Trade Union Congress (INTUC) which is controlled by Mr Rajiv Gandhi's ruling Congress-I party.

The Government is offering a 15.1 per cent increase which officials claimed was on the pattern of recent wage settlements reached with major public sector undertakings. Senior officials yesterday firmly rejected any possibility of a settlement on the basis of the Federation's minimum demands since this could jeopardise other wage agreements in the public sector.

The last major port strike in India took place in 1984 when it lasted 26 days before a long-term wage settlement was reached. This expired at the end of 1987 and negotiations on a new agreement have been held unsuccessfully since January, 1988.

Officials said the strike notice was given on April 1 after the Bombay High Court ordered the inclusion of a faction of a leftwing union in the negotiations on the new wage agreement.

Indian ports handle about 150m tonnes of cargo each year which accounts for 95 per cent of the country's trade. Since April 1, supplies of essential goods, including coal moved by sea to some thermal plants, have been accumulated to last about 25 days.

Officials said yesterday that work had come to total halt in all ports except Calcutta where a surprising 90 per cent of dockers reported for duty. Calcutta is the capital of the Marxist-ruled state of West Bengal.

Mubarak disarms more than defence chief

Removal of his number two is a puzzling – and risky – move, writes Tony Walker

EGYPT'S President Hosni Mubarak has a reputation for caution, even timidity, when it comes to difficult political decisions. In contrast to his predecessor, Anwar Sadat, he has shunned flamboyant gestures and bold pronouncements.

Thus, his decision at the weekend to detach Field Marshal Abdel Halim Abu Ghazala, his defence minister and the second most powerful man in the land, from his military power base was as surprising as it was sudden. The unexplained removal of Mr Ghazala, who served as defence minister from March 1981 and who has now been appointed to the vaguely-defined post of "consultant" to the President, is, it may be argued, the most important political development in Egypt in years.

President Mubarak (left) and his ousted Defence Minister, Field Marshal Ghazala

What remains a mystery is why Mr Mubarak should have embarked on a course which, given Mr Ghazala's prominence, may involve considerable risk.

The former defence chief was more than just a simple soldier elevated to high government office. Egypt's administration is dominated and permeated by the military. Mr Mubarak himself is a former air force commander and a contemporary of Mr Ghazala. He owes the military a large debt, not least for having quelled riots by police conscripts that came close to toppling the presidency three years ago.

Mr Ghazala – 59 years old, flamboyant, bright, at ease in an international environment – was the architect of Egypt's current close military alliance with the US, having served in the late 1970s as Egypt's military attache in Washington. More to the point, he was a clear alternative leader of a country beset by more than its share of economic and political difficulties – in many people's eyes, a military strongman in the making.

This can never have been a comfortable situation for Mr Mubarak, who was elevated from relative political obscurity to the Vice Presidency, and became President almost by default on Mr Sadat's assassination in October 1981. For many years he was regarded as an interim leader after the tumultuous Nasser and Sadat eras. At home, he has pursued cautious, often passive, policies. Abroad, he has carefully eased Egypt back into the Arab mainstream.

But he has yet to stamp his authority on a country that appears to be yearning for stronger leadership. Egyptian observers believe Mr Mubarak has decided that, after eight years in the top job and following his recent re-election to a second six-year term, the time has come to assert himself.

"He is making public that he is the king and master," observed Mr Tahsin Bashir, a former diplomat and spokesman for Presidents Nasser and Sadat. "His challenge is to assert his control over civilian and military life."

This is no small matter in a country burdened by crushing external debt of $43bn, a population explosion, inflationary pressures, rising unemployment, an incipient threat from Moslem extremists and an inefficient bureaucratic and industrial system.

Criticism of Mr Mubarak himself has become more overt of late. Some of the disquiet is even surfacing in the semi-official press. Sharp rises in food prices, and shortages of some staple items such as flour and sugar, have heightened public discontent.

Mr Mubarak is said by officials close to him to recognise that more decisive measures are needed to tackle his country's economic problems, including its unwieldy system of food and energy subsidies. The question is whether his apparent new assertiveness will extend to taking the difficult economic decisions which he has always ducked.

The appointment of General Youssef Abu Taleb as the new defence minister means that this key portfolio is in the hands of a loyalist who is unlikely, for the time being, to harbour larger political ambitions. Mr Abu Taleb, governor of Cairo since 1982, is regarded as a Mubarak man through and through.

Publicly, there has been no sign of disquiet in the military at the change, but it would be surprising if Mr Ghazala's departure had not caused some unhappiness in the barracks. The former defence minister was indefatigable in his efforts to improve conditions for his troops, who are better housed and paid than most other Egyptians on the public payroll.

Mr Ghazala's success in establishing something of a personal fief in the military, and his insistence that Egypt's armed forces press ahead with an expensive modernisation programme, are among possible explanations for his removal.

Mr Ghazala is likely to have resisted any attempt to curtail his empire. But the President may well have decided that cuts in military spending are essential if Egypt is to restrain the growth in its budget deficit.

Mr Mubarak's almost Pharaonic dispatch of his longtime comrade-in-arms has also prompted speculation about serious personal differences between them. It would not be their first falling-out.

Relations between them cooled after the Achille Lauro affair in 1985, when the President came under strong international criticism in the aftermath of the hijacking of an Italian cruise-liner to Port Said by a faction of the Palestine Liberation Organisation. The hijackers were intercepted by US aircraft as they were being flown to safety on an EgyptAir plane across the Mediterranean to Tunis. Presidential aides made it clear at the time that they believed Mr Ghazala had been less supportive of Mr Mubarak than he might have been in efforts to defuse the crisis.

Local observers have noted that Mr Ghazala was removed from his portfolio not long after Mr Mubarak's return from Washington this month. On the eve of the visit, the US alleged that Egypt was building a chemical weapons plant at a new military complex near Cairo, a claim which Mr Mubarak vigorously denied.

Another controversial issue that may have some bearing on the latest developments is the case pending in the US against an Egyptian accused of attempting to smuggle special materials for missile construction out of the country. Telephone conversations intercepted by the FBI indicated that the operation was being carried out at the behest of the former defence minister.

But these episodes alone are unlikely to have brought about Mr Ghazala's sideways move. There is speculation that differences over the handling of defence contracts may also have contributed to his removal.

In the Byzantine world of Egyptian presidential politics, the real reasons are unlikely to be known for some time, if at all. In the meantime, Mr Ghazala's movements will be watched carefully to assess whether he has indeed been consigned to the political wilderness.

S African miners seek wage jump for low paid

By Jim Jones in Johannesburg

SOUTH AFRICA'S black miners are to demand increases which will virtually double the cash wages of the lowest-paid working in the country's gold mines. The increases, if paid, could lead to the closure of several mines already crimped by a persistently low gold price.

The demands were determined at the annual congress of the National Union of Mineworkers (NUM) at the weekend and will be put to employers towards the end of May.

Mr Cyril Ramaphosa, the NUM's general secretary, said in Johannesburg yesterday the demands are designed to win what the union believes to be a living wage. It wants R600(£140) per month for the lowest paid underground workers against the Chamber of Mines' present R306 official minimum cash wage.

The union will call for progressively lower percentage increases for men in higher-paid jobs and wants a minimum of R1,287 for men in the top wage bracket. This represents an increase of 37 per cent on the present R939 minimum paid in this bracket.

Last year the union agreed increases ranging from 14 per cent to 17 per cent early in the negotiating process, averting strike action. Its membership had fallen sharply and its organisation severely disrupted by large-scale dismissals which ended a three-week wage strike in 1987. Mr Ramaphosa says paid-up membership has recovered to 240,000 against a peak of 260,000 at the start of the 1987 strike and he hopes to build membership to 400,000 by 1991.

Labour analysts question whether the union has regrouped itself sufficiently to organise a strike this year. In recent months several marginal gold mines have retrenched men and the Chamber of Mines says further job losses would be inevitable if wages increase sharply.

Mr Ramaphosa believes richer mines should subsidise the marginal ones. He says a stoppage at Rustenburg Platinum's base metals refinery underscores the men's determination to win wage increases.

The refinery strike entered its 47th day yesterday and began when the union rejected management's offer of a 14.5 per cent increase.

Shop stewards at the refinery claimed yesterday that the plant had been reduced to single-shift working from triple-shift. Mr Bruce Sutherland, a Rustenburg director, denied production had been affected.

● About 1,500 black miners, all members of the National Union of Mineworkers (NUM), went on strike yesterday at a South African coal mine in protest against the killing of a colleague by rival unionists, Reuter reports from Johannesburg.

The NUM, South Africa's biggest trade union, said the miners walked out at the New Denmark colliery, about 100km southwest of Johannesburg, after a miner was killed on Saturday in a clash with members of the rival United Workers Union of South Africa.

West Bank death

Israeli troops shot dead a Palestinian woman yesterday in a clash with protesters during a funeral at a refugee camp in the occupied West Bank, Palestinians said, Reuter reports from Jerusalem.

Rufida Abu Laban, 17, of Dheisheh refugee camp, was shot in the head and was dead on arrival at hospital in Bethlehem. Her death brought to at least 438 the number of Arabs killed in the 16-month-old uprising against Israeli rule of the West Bank and Gaza strip. Seventeen Jews have also died.

HK civil servants may urge London to issue passports

By John Elliott in Hong Kong

TOP Hong Kong civil servants are considering whether to tell a committee of British MPs later this week that the UK should change its immigration policy and issue passports giving a right of abode in the UK to at least 3.4m of Hong Kong's 5.7m predominantly ethnic Chinese population.

This could prove a major embarrassment for the British government which has resolutely refused to change the British Nationality Act 1981. The Act came into force in 1983 and makes it clear that most Hong Kong people do not qualify for a right of abode in the UK.

The civil servants, led by Sir David Ford, chief secretary, will be giving evidence to eight British MPs from the House of Commons Foreign Affairs Committee who arrived in the colony yesterday afternoon for a five day visit.

The MPs are conducting an inquiry into the British Government's handling of the run-up to 1997 when Hong Kong will revert to Chinese sovereignty. They will hold a series of public hearings and will then go to Peking.

The passport issue arouses strong emotions in Hong Kong and is blamed for helping to induce a brain drain from the colony. At least 45,000 people emigrated last year to Canada, Australia, the US and other countries. Most of them were seeking new passports which would give them and their children the option to live outside Hong Kong if China's rule proves unpalatable.

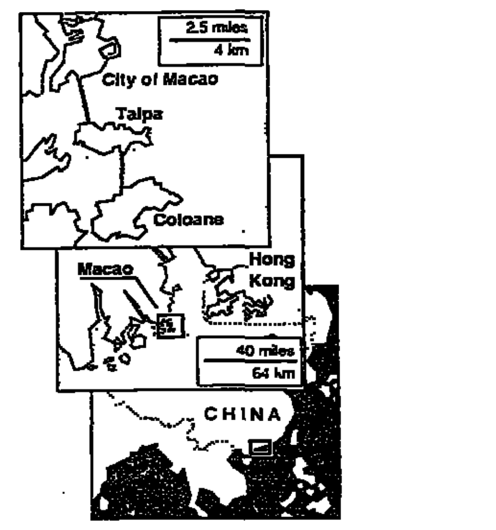
Top government officials believe that the provision of British passports would boost confidence and curb the exodus. A decision by Portugal to give passports to 90,000-130,000 people in its nearby territory of Macao, which reverts to China in 1999, has fuelled the debate.

Sir David Wilson, a British career diplomat who is the Hong Kong governor, indicated when he met the MPs committee in London last month that he thought the UK should apply its rules more flexibly.

But the Hong Kong civil servants are considering going further and calling for a change of policy. They want passports allowing a right of abode in the UK to be given at least to 3.4m mostly Chinese people. These peoples' rights have been reduced by a series of British laws, culminating in the 1981 Act, and they now qualify for a much more restricted Hong Kong travel document.

Gambling Macao looks to a more certain future

YOU start gambling half way through the one-hour hydrofoil journey from Hong Kong to Macao, the tiny Portuguese enclave and casino centre on the edge of China's Pearl River delta. If you are unusually lucky, you win HK$100 (£8) or so on a lucky number card lottery.



The other passengers, mostly Hong Kong Chinese rushing to Macao's waterfront for higher casino stakes, then turn with big smiles and buy themselves more tickets, hoping to cash in on your winning streak. The Chinese are compulsive gamblers and Macao provides opportunities which are not available in the more tightly-controlled British colony.

Both places are preparing to be returned to Chinese sovereignty in the next decade – Hong Kong in 1997 and Macao in 1999. In some ways it will then be Hong Kong which will be providing the high-stake gambling on personal futures because the UK is refusing to provide the security of passports and job opportunities which are being guaranteed by Portugal in Macao.

As many as 130,000 people out of the 450,000 population on Macao's tiny land area of 17 sq km will be given full European Community passports by Portugal. Of them, 90,000 qualify because they were born in Macao before 1980. After 1980 only children of existing passport holders qualify, and they are expected to total another 40,000 by 1999.

Portugal's colony faces a different path back to Chinese rule from the one Hong Kong must tread, writes John Elliott

In line with its laws, Portugal wants to carry on giving passports to such descendants born in Macao after 1999. China has told Portugal it wants this to stop in 1999. But Mr Carlos Melancia, the governor of Macao, said in an interview at the end of last week: "We want to carry on with this but China says it is not a good time to discuss it now".

Perhaps even more surprising, more than 4,000 public servants – 1,900 civil servants and 2,300 police and other security forces – are being offered guaranteed jobs in the Portuguese capital of Lisbon, even though most of the security forces speak only Chinese.

Britain has turned its back on such concessions for Hong Kong Chinese. Passports being issued in Hong Kong do not give a right of abode in the UK and there are no job offers. This has encouraged a brain drain of people seeking passports and the prospects of a better life elsewhere. As many as 45,000 people left Hong Kong last year for Canada, Australia and the US.

Mr Melancia sees the Portuguese promises for Macao as an important way of sustaining confidence in the enclave and stopping a mass exodus: "If we were to stop giving passports it would be a licence to go."

The Portuguese line has increased the determination of Hong Kong political lobbyists to change British policy. Their campaign is being stepped up this week when members of a House of Commons foreign affairs committee take evidence in the colony for a report on the UK's handling of the run up to 1997.

But while Portugal is doing more to safeguard its people in the future, it has done less than Hong Kong in the past. This is a record it has just begun to try to change with economic, administrative and cultural initiatives.

There are no local Chinese anywhere near the top of the Macao administration, nor among the enclave's lawyers. A government-owned university has just been started to train Chinese people in various skills including the law and public administration.

Last week Portugal suffered the humiliation of having to accept, during a visit to Peking by Mr Manuel de Silva, Macao's secretary for administration and justice, an offer from China to lend lawyers who will translate Portuguese laws into Chinese. Such a move would be unthinkable by Britain for Hong Kong.

The Portuguese first arrived in Macao in 1557. There is a sense of mutual tolerance and even co-operation with Peking which is absent in Hong Kong. Macao was offered back to China after Portugal's 1974 revolution ended the country's colonial reign in Africa and elsewhere. The offer was refused by Peking which said the time was not ripe; but Macao was reclassified in 1979 as a "Chinese territory under Portuguese administration".

The economy is dependent on textiles, which make up more than 70 per cent of exports, and gambling, which provides 40 per cent of the budget. Attempts to transform the enclave into a second Hong Kong have never succeeded. Grandiose plans drawn up five years ago for it to become an international financial centre have not materialised and attempts to diversify away from textiles have also failed.

Now, however, Macao is moving into a new economic era which has more chance of success because it is being backed and partly financed by China and supported with investment from Taiwan.

An airport is to be built, which is intended by 1993 to reduce the enclave's reliance on Hong Kong and to serve China as well as Macao. China has made this long-term dream a reality by agreeing to finance between a quarter and third of the HK$4bn cost. A new 3.9km-long bridge will provide a direct link into China

Chinese students march to commemorate Hu

By Colina MacDougall

IN WHAT appeared to be the biggest student demonstration in Peking since the death of the popular Premier Zhou Enlai in 1976, about 500 students, watched by thousands of onlookers, yesterday marched to Tiananmen Square to lay wreaths to commemorate Hu Yaobang, the 73-year-old former party leader who died on Saturday.

In Shanghai, where huge demonstrations took place in January 1987, contributing to Hu's dismissal from his party post that month for encouraging liberalism, more than 1,000 students early yesterday morning marched through the city singing revolutionary songs but with Hu's name instead of the original version praising Mao Tsetung.

His death comes at a time when China's leadership is openly divided over reform, supreme leader octogenarian Deng Xiaoping is showing his age, and party leader Zhao Ziyang is fighting for his political life as conservatives try to blame him for last year's economic chaos.

"Long live democracy. Long live freedom." shouted the marching students in Peking yesterday, slogans unlikely to find favour with current premier Li Peng and his allies on the conservative side, who have tried to re-establish economic direction in a way which spells death to hope for real reforms.

Hu's death at this uncertain point in China's history weakens the reformist cause, though there may be some relief in Peking that he was out of office when he died since otherwise the sudden end to the diumvirate of Hu and Zhao planned by Deng to succeed to his power might have precipitated a still fiercer struggle.

A memorial meeting for Hu is planned for later this week, at which his successor as party general secretary, Zhao Ziyang, is expected to make the main speech.

Arab peace move on Lebanon

By Our Foreign Staff

KUWAIT yesterday called for an emergency meeting of Arab League foreign ministers amid increasing international pressure for a durable ceasefire in Lebanon.

Sheikh Sabah al-Ahmed al-Sabah, the Kuwaiti Foreign Minister and head of an Arab League committee on the Lebanon crisis, contacted Mr Chedli Klibi, the League's Secretary General, and spoke of the need for "urgent steps to stop the massacre", according to the Kuwaiti news agency.

Arab League mediation is seen as one of the few hopes for putting a stop to some of the worst artillery bombardments in and around Beirut in more than 14 years of civil war. The League's committee is working on a peace plan, involving the restoration of central Government authority, which it aims eventually to place before Lebanese politicians and militia leaders. However, it has yet to attract strong support from either side of Lebanon's sectarian divide or from Syria, the key foreign power broker with around 30,000 troops in the country.

Yesterday King Hussein of Jordan, after meeting President Francois Mitterrand in Paris, suggested an Arab summit meeting. Pope John Paul II sent messages to the UN and the Arab League over the weekend urging them to help bring about a ceasefire.

The shelling between Christian and Syrian-backed Moslem forces continued in Beirut yesterday. More than 40 people are reported to have been killed in the past four days, and the repeated bombardments are disrupting essential services such as water and electricity. Food in some areas is said to be scarce.

General Michel Aoun, the Christian leader who sparked off the latest round of fighting by attempting to crack down on unofficial militia-run ports and by challenging the Syrian presence in Lebanon, accused the US of supporting Syria at Lebanon's expense so that US efforts to solve the Arab-Israeli conflict would not be compromised.

Gen Aoun's drive to mobilise French support for the Maronite Christian minority has misfired, and it is unlikely that other European countries or the US will want to become similarly embroiled.

Mr Allan Ramsay, the British ambassador in Beirut, said yesterday after the death of the Spanish ambassador in an artillery attack that governments would have to think about the usefulness of maintaining missions in a dangerous place where movement was restricted, although he said he detected no immediate plans to withdraw.

"The city is breaking down, it is virtually dead," he told BBC radio. "It is difficult to appeal to comon sense in these circumstances but there is, to my mind, a workable framework for a ceasefire which has been established by the Arab League committee... but so long as these extreme positions persist the chances of a ceasefire actually taking hold seem to me to be very, very slim."

Australia enters an era of uncertainty

Bob Hawke's Labor party is slipping in the polls, but the opposition has nothing to smile about, reports Chris Sherwell

PARTY politics in Australia is displaying a new volatility which seems certain to influence the outcome of the next general election, due before mid-1990. But it appears to be damaging the opposition Liberal and National party coalition as much as the ruling Labor party.

A key indication of the change was the publication earlier this month of two opinion polls showing a sharp drop in electoral support for Labor, which has been in power since 1983 and will be fighting for a record fourth successive term. Though the polls gave the coalition an edge – something it has not enjoyed in recent months – they offered it scant comfort.

Analysts immediately pointed out that the lead should be far greater given the sharp rise in interest rates over the past year and the government's clear failure to lower the inflation rate and the current account deficit. The polls also showed Mr Bob Hawke, the Prime Minister, retaining a far higher personal rating than Mr John Howard, the Opposition leader, whose apparent lack of charisma persistently undermines his obvious ability.

On top of this, however, a fresh worry has emerged, revealed over the weekend in a by-election in the state of Victoria in which the Labor party suffered a hefty loss of support. But it still retained its seat, because defectors voted for the small Democrat party rather than the Liberals.

The result, a severe embarrassment for the Liberals, confirmed a trend observed in Western Australia earlier this year, where the Labor government held on to power in the state election despite damaging publicity over its costly involvement in and with business.

The opposition's failure to convert these difficulties to its advantage was blamed on public divisions between Western Australia's Liberals and Nationals. At the same time it was clear that the coalition's spectacular victory last year in New South Wales was helped by the unmistakable unity between the Liberals and Nationals.

Mr Howard has taken the cue, and battled hard recently to demonstrate coalition unity. But he continues to stumble. Last week, the two parties fought bitterly over government legislation to deregulate the domestic wheat market, and the price of a common position is likely to be some floor-crossing by disaffected National party MPs.

Similarly, in Victoria Mr Howard recently forged an agreement by Liberals and Nationals to run a single slate of candidates for the federal Senate, or upper house. But no sooner had he achieved this than the local Liberal party began its own internal brawl over a bid by right-wing forces to deny three sitting small "l" liberal MPs re-selection as candidates for their federal seats.

Hawke (left) outshines Howard in the charisma stakes

Predictably, Labor is happily exploiting these public embarrassments for all they're worth, to emphasise its ability to govern and deflect criticism of its own performance. The next test is expected in Tasmania, where the ruling Liberal party is considering an early election to be held next month. Though the Liberals are actually more united than Labor in Tasmania, the battle is complicated by a strong third force of "Greens" who may hold the balance of power.

Expectations are meanwhile running high that a federal election will be called early. Mr Hawke last week ruled out one this year, insisting he was not in "election mode." If he can, he will wait until interest rates, inflation and the current account deficit start turning down again. But if the opposition's difficulties worsen, all bets will be off.

AMERICAN NEWS

Howe firm on updating missiles

By Peter Riddell, US Editor in Washington

THE Brussels summit of Nato leaders next month must not back away from the commitment made in March 1988 to keep the alliance's nuclear and conventional weapons up to date, Sir Geoffrey Howe, the British Foreign Secretary, stressed yesterday.

Sir Geoffrey gave a number of interviews in Washington during a hectic round of meetings with President Bush, senior members of the Administration and Congressional leaders.

He frequently used the term "up to date" in relation to the replacement of existing Lance missiles by new short-range nuclear weapons.

This is likely to form the basis of compromise wording at the forthcoming Nato summit intended to reconcile the call by Mrs Margaret Thatcher, British Prime Minister, for a specific commitment on timing with the West German desire to delay a detailed decision until after next year's elections.

In Washington last week, Mr Manfred Wörner, the Nato Secretary General and former West German Defence Minister, similarly talked about a compromise statement which would refer to keeping short-range nuclear weapons in Europe "up to date" – without a specific commitment now on Lance with regard to procurement or deployment.

The Bush administration is sympathetic to this approach because it does not want to undermine the political position of Chancellor Helmut Kohl's government in Bonn.

Mr Dick Cheney, the US Defence Secretary, has said "the timing is open to question" on modernisation. The US remains opposed to talks with the Soviet Union on short-range missiles.

Sir Geoffrey said in a television interview: "There's no quarrel about the need to modernise this range of weaponry, though there's a question about what stage a particular decision is taken. That's consistent with the need to get ahead with the development and organisation for that."

Peruvian miners call stoppage

By Veronica Baruffati in Lima

THE Peruvian Federation of Miners, Metallurgical and Steelworkers yesterday called a three-day strike from April 26-28 in protest at the Government's failure to fulfil the agreement signed with miners after last December's strike.

Two weeks ago, the federation postponed the strike decision when the Government promised to negotiate. But at the end of last week 300 miners' delegates at a plenary session in Lima decided unanimously on a strike.

The Government has consistently failed to attend to the miners' demands since recognising them last August. They include wage increases and better working conditions. The December agreement promised to reinstate miners dismissed during last year's strike.

Mr Guillermo Diaz Sosa, a miners federation leader, said yesterday that if the three-day strike did not achieve the miners' objective another plenary assembly would be held in Lima to discuss the possibility of a general miners' strike.

● Mr Ceferino Ricketts, a miners' federation leader in the Centromin Cerro de Pasco Mine, was shot dead at a meeting on Sunday. Officials blame Sendero Luminoso guerrillas but miners accuse the Comando Rodrigo Franco, a death squad linked to the ruling American Popular Revolutionary Alliance Party and said to have killed former miners' leader Mr Saul Cantoral earlier this year.

Mexico faces teachers' strike

By Richard Johns in Mexico City

HALF a million Mexican teachers were expected yesterday to go on an indefinite strike in support of a demand for a wage increase. They also want Mr Carlos Jongitud, president for life of the National Union of Education Workers (SNTE), removed from power.

Mr Teodora Palomino, leader of the dissident faction of the SNTE, predicted at the weekend that "at least 50 per cent of all teachers" would participate and that "their numbers may rise in the next few days".

Their action threatens to be the biggest labour revolt since the ruling Institutional Revolutionary Party (PRI) asserted control over the trade union movement 50 years ago.

The anti-Jongitud faction, called the National Co-ordinator of Education Workers (CNTE), which was established in 1979, is posing not only a major challenge to PRI domination of organised labour but also the government wages and prices policy under the economic growth and stability pact.

Dissidents are demanding a 100 per cent salary increase. Mr Manuel Bartlet Diaz, Minister of Education, has urged teachers to remain at work. He says the 10 per cent rise awarded, plus other benefits equivalent to an additional 10 per cent, was all the Government could concede.

On February 22 and March 7 CNTE demonstrators in Mexico City paralysed schools in the federal district. Pay apart, they have been enraged by the manner in which Mr Jongitud – who seized control of the SNTE by force 17 years ago – again in February imposed men of his "revolutionary vanguard" as leaders of what is Latin America's biggest union, with 1.3m members.

For the Government the revolt in the union is an enormous embarrassment. Mr Jongitud was thought to be a major labour movement target of President Carlos Salinas de Gortari but the Government has failed to replace him with another subservient leader capable of asserting discipline.

Santiago calls on its smog police

By Barbara Durr in Santiago

SANTIAGO'S authorities have begun a campaign to thin the city's thickening blanket of smog. A crackdown has begun on the worst offenders, the 4,000 diesel buses, many of which are over 30 years old and spew clouds of exhaust.

The city sits in a valley and smog is trapped by the mountains which are only barely visible on weekends when traffic diminishes. The problem worsens in the colder months from May to October, when thermal inversion pushes smog closer to the ground.

A special brigade of 40 police officers has fanned out around the city with devices measuring emission. The effort so far has only been "educational", according to transport police. They are awaiting an executive decree, due to be published soon, that will stiffen their control on diesel vehicles.

From next Monday the city will prohibit circulation of vehicles with the licence plates ending in either of two digits, which change every day. The measure, effective until September 1, has been applied previously using only one digit.

The health problems created by smog have grown steadily. Respiratory sicknesses, such as chronic obstructive bronchitis, have risen over the last 15 years by about 3 per cent to cover 30 per cent of the population and have become the prime cause of infant mortality. With an index of carcinogenic substances in the air 20 times greater in Santiago than in other highly industrialised cities, lung and other types of cancers have increased.

Mr Maximo Honorato, Santiago's mayor, is working on a plan that would require location of new industries outside densely populated areas. A decontamination programme is supported by a $4.4m credit from the Interamerican Development Bank.

● Chile's largest labour union federation, CUT, has called a national strike today to press for the release of two leaders banished internally last September and to halt privatisation of state industries. It also demands the rehiring of workers sacked for voting against Gen Augusto Pinochet in last October's plebiscite.

Supreme Court to hear tax case appeal

THE US Supreme Court yesterday agreed to rule on whether foreign companies can sue in federal courts over state taxes paid by their US subsidiaries, agencies report from New York.

The case was brought by Alcan Aluminium of Canada and Imperial Chemical Industries of Britain on taxes paid in California by their US subsidiaries, Alcan Aluminum Corp and ICI Americas Inc.

The companies say the Californian tax on their subsidiaries was based in part on their worldwide income, which imposes an unconstitutional burden on them.

A US District Court dismissed the case in favour of California, but a US Appeals Court reversed and said the District Court should try the case to determine if the tax was proper. The Supreme Court agreed to hear California's appeal, supported by 32 other states, over whether the foreign companies can sue the state in federal court.

Californian officials say the US subsidiaries are the proper parties to challenge the state tax and that such suits should be handled in state court.

But the foreign companies assert that because the issue is whether California is taxing a portion of worldwide income, which may be taxed in other countries as well, the suits should be filed by the foreign parent companies and should be handled in federal court.

The State Department has been warned by some countries that they may impose retaliatory taxes if companies based abroad start to be taxed by states through US subsidiaries on income that is not related to business in the US.

● Judge Burton Lifland yesterday rejected a motion from an Atlanta attorney that Eastern Airlines be put up for auction, Reuter reports from New York.

Instead, the judge urged representatives of all sides to seek a solution to the six-week-old strike that has virtually grounded the Texas Air subsidiary. Lawyers for Eastern's creditors, the pilots' union and the airline opposed the motion and asked for more time to form a plan to resolve the airline's problems. The hearing was adjourned until April 24.

Uruguay shows way to forgive, if not forget

Gary Mead reports on an amnesty referendum

URUGUAY voted on Sunday by 52 to 40 per cent to extend a 1986 amnesty to armed forces and police personnel who served under the military dictatorship of 1973-1985.

Some 320 Uruguayans either died or disappeared during those 12 years, allegedly at the hands of the authorities. Almost half the victims are believed to have been in neighbouring Argentina, which itself had a military dictatorship sympathetic to the Uruguayan Government between 1976 and 1983.

The military involvement in Uruguay's administration followed an invitation extended by civilian President Jose Maria Bordaberry in 1973, as a result of his Government's failure to control widespread urban terrorism carried out by Marxist Tupamaros guerrillas.

The referendum passed without incident. Both sides accepted the result without accusations of fraud. International observers and journalists were permitted access to all 7,072 polling booths around the country.

More than 2m Uruguayans aged 18 and over were eligible to vote. At stake was the continuation or not of law 15.848, the so-called "impunity law", which since 1986 has prohibited legal investigation of suspected infringements of human rights carried out under the military government.

Voting, which was compulsory, was heavy throughout the country. By the early hours of yesterday almost 2m votes had been counted.

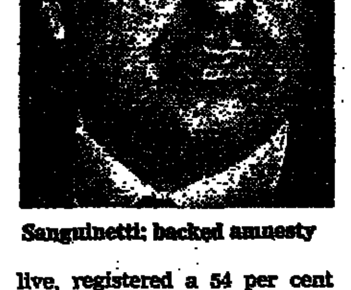
The plebiscite was the culmination of more than 2½ years of campaigning by left and centre-left political parties and support groups. They gathered almost 600,000 signatures (25 per cent of Uruguayans of voting age), sufficient to compel President Julio Sanguinetti's Colorado Party civilian Government to stage a referendum.

Voters were required to place either a pro-amnesty yellow or an anti-amnesty green slip of paper into the ballot box. The opposing campaigns have over the months become known and identified by their respective colours.

President Sanguinetti had made clear his support for the yellow vote. Although the pro-amnesty 12 per cent majority means a victory for his Government, it is much narrower than he had publicly predicted. Two weeks before the vote on Sunday, he said he expected a 70 per cent vote in favour of retaining the amnesty.

In recent weeks retired General Hugo Medina, minister of defence, had made clear the armed forces would strongly oppose any attempt to overturn the amnesty. A central argument used by supporters of the amnesty was that the Tupamaros were themselves given an amnesty in 1985.

The capital, Montevideo, where more than 47 per cent of Uruguay's almost 3m citizens



Sanguinetti: backed amnesty

live, registered a 54 per cent vote against. This compares with the vote in the interior of 62 per cent yellow and 28 per cent green, and this may well lead to a continuation of opposition to the amnesty by other means.

President Sanguinetti attempted to stifle such possibilities, by addressing the nation on television soon after the polls closed on Sunday. He asked Uruguayans to accept that after the plebiscite there were no longer "greens and yellows; we are all Uruguayans".

But after the result was known, some leaders of the green campaign clearly regarded the strong pro-green turnout in Montevideo as an ethical victory. Some spoke of continuing democratically to attack the law. Mr Jaime Perez, secretary general of the Uruguayan Communist Party, said: "We accept the result, but that does not mean we have to be happy about it."

Uruguay's decision will have ramifications in two other Latin American countries.

In neighbouring Argentina, an estimated 9,000 people disappeared under the military government of 1976-1983. Several senior former generals are still awaiting trial on human rights' charges. There have been three army rebellions in the past two years staged partly to protest against the continuation of such legal procedures.

President Raúl Alfonsín passed two laws, the "final point" and "due obedience" laws, after the first rebellion in an attempt to quell further army restlessness. Both laws substantially reduce the number of cases to be brought to court, though the handful still outstanding remain an embarrassing and sensitive source of potential protest.

Uruguay's referendum is bound to reinforce Argentine military sentiment that were a similar vote to be held in Argentina, officers would win a majority in favour of amnesty.

In Chile, 16 years of military rule are due to end with an election this December. Similar pressure is building up there to investigate alleged infringements of human rights.

All three countries are at different stages of the same issue; how to deal justly with the recent past without provoking more social turmoil in the future. President Alfonsín failed to make a clean and swift gesture towards national reconciliation. Chilean President Augusto Pinochet's successor is likely to face considerable pressure to permit legal action against the former regime.

● President Sanguinetti of Uruguay has managed to avoid President Alfonsín's problems. The example of Uruguay is so far the best available in the region. But as the vote was so close, even the Uruguayan case may contain the seeds of further fierce conflict.

WORLD TRADE NEWS

Indian companies to enter London export financing scheme

By R. C. Murthy in Bombay

INDIAN exporters are to enter for the first time the London forfaiting (export financing) market to boost exports of capital and durable consumer goods to Africa.

India's exports to Africa fell to Rs3.2bn ($211m) in 1987 from Rs3.4bn in 1980, while exports to the rest of the world doubled in seven years.

Businessmen are wary of shipping goods to Africa because of difficulties in getting cash.

Mr Kalyan Banerji, chairman of the Export-Import Bank of India, says rising African debt and the reluctance of Indian insurers to cover export risks have brought about the slump.

The Exim Bank is seeking permission of the Reserve Bank of India, the country's central bank, to securitise overseas the African debt to exporters at a discount.

India has strict foreign exchange controls, and exporters are obliged to repatriate proceeds against the export of goods and services in full.

Mr Banerji said the Reserve Bank's permission would facilitate the export of goods to Africa worth some $50m this year.

This could be doubled in 1991 if the London forfaiting market accepted the debt.

According to Mr Banerji, demand for Indian farm equipment is strong in Nigeria and Kenya, whose paper is marketable now at some 30-40 per cent discount. The Reserve Bank, which is reluctant to open up the short-term factoring market, is favourably disposed to securitisation of African debt of more than three years.

The Indian Government has assigned priority to exports as the country's debt service ratio touched a record 28 per cent of merchandise exports and invisible receipts last year.

US refuses to revoke Israel trade benefits

By Nancy Dunne in Washington

THE BUSH Administration has denied a petition by an Arab-American group to revoke Israel's duty-free trade benefits. But the ruling, specifically separating Israel from the West Bank and Gaza, for the first time denies that goods produced in the occupied territories are entitled to the same trade advantages.

In its annual review of the US Generalised System of Preferences (GSP), the US Trade Representative ruled Israel had been "found to be taking steps to afford internationally recognised worker rights within the country of Israel".

Under US law, a GSP country can lose this status if it denies what are internationally recognised workers' rights, unless it shows improvements are under way.

The Trade Representative set aside allegations concerning labour abuses in the West Bank and Gaza after determining "that the Occupied Territories are not part of the country of Israel".

The complaint was brought by the American Arab Anti-Discrimination Committee, which contended Palestinian workers are denied trade union protection and equal benefits.

Acceptance of the complaint last year by Mr Clayton Yeutter, the then US Trade Representative, set off protests during the US election campaign. Democrats attacked Mr Yeutter for coupling Israel with régimes such as Haiti, Liberia and Syria, whose labour practices were also reviewed.

Mr Abdeen Jabara, president of the American Arab group, called the decision "the only one possible, considering the political and economic relationship between the US and Israel".

But it was important, because it could cut into Israel's trade under both the GSP and the US-Israel Free Trade Agreement, and it publicised unequal treatment granted Palestinian workers.

A spokesman for the Trade Representative said the US Customs Service will seek a way to determine the origin of goods to ensure differing treatment for those from the territories and Israel.

Sri Lanka ends state's monopoly on rice imports

By Mervyn De Silva in Colombo

SRI LANKA'S private sector has been allowed to import rice and other essential food items, breaking a long established state monopoly.

Imports of the foods had been controlled until now by the Government's main agencies, the Co-operative Wholesale Establishment (CWE) the island's biggest trading organisation, and the Food Department.

The decision to end the state monopoly follows a report from the agriculture ministry which predicted that prolonged drought in the paddy-growing areas and the political violence in the eastern and southern provinces – Sri Lanka's "rice bowl" – would result in a shortfall of 400,000 tonnes.

The paddy production target for this year was, at one point, 7m tonnes. Wheat will remain the only state monopoly.

A large drop in paddy production in the troubled eastern province forced the Government last year to buy 210,000 tonnes in 1987, with the price rising from about Rs6,000 per tonne ($200) in 1987 to Rs8,500 per tonne.

Sri Lanka's rice import bill increased by 130 per cent last year.

This week the CWE signed a contract for 40,000 tonnes of rice from the Chaiyaporn Rice Company of Thailand at $269 per tonne.

This is the second such deal with Thailand following a purchase in February of 25,000 tonnes.

The deals are the first Sri Lanka has made with Thailand for seven years. Sri Lanka's regular suppliers are China, Pakistan and Burma.

Sri Lanka's imports cost SDR1,867m (Rs71,267m) a 4 per cent rise from 1987.

The increase reflected higher rice, wheat, sugar and fertiliser prices.

The Government opened up sugar imports to the private sector last year.

US service sector companies 'boost developing nations'

By Peter Montagnon, World Trade Editor

THE ACTIVITIES of US service-sector companies in developing countries have helped promote development by creating additional employment opportunities, fostering technology transfer and boosting exports, according to a survey carried out by the US Coalition of Service Industries (CSI).

The survey will give CSI fresh ammunition in what is now becoming seen as an urgent task for promoters of the Uruguay Round discussions on liberalising service trade – that of persuading reluctant developing countries that their economies are already dependent on service sectors and that liberalisation is therefore in their own best interests.

Under the survey, CSI, which groups major US service companies and has been a driving private-sector force behind the Uruguay Round, said it had asked its member-companies in sectors ranging from banking and insurance to construction and telecommunications, to provide details of their contribution to developing country economies.

Between them, 10 respondent companies said they had created almost 45,000 jobs in 15 leading developing countries. Of these jobs, 99 per cent were held by nationals of the host country. Nationals also held 83 per cent of the top management positions.

"This report clearly demonstrates that all countries have a stake in the negotiations on services trade in Geneva," said Mr John Reed, Chairman of Citicorp who also heads CSI. "Removing discriminatory restrictions promotes trade and encourages investment and the kind of technology transfer the developing countries need to compete in global markets."

Besides employment and training opportunities, the respondents also claimed that their operations led directly to technology transfer and higher exports.

Among examples of this it cited:

● Arabic computerised script software developed in Kuwait for export to other Arab-speaking countries.

● Advertising developed in Brazil, Hong Kong, Malaysia, Mexico, Nigeria, Singapore, Taiwan and Thailand for export to surrounding countries.

● Specialised computer software for small banks exported to Hong Kong, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Turkey, the UK and US.

CSI said it and its counterpart service organisations from Argentina, Australia, the EC, Japan, the UK and Sweden will meet in Geneva next month with private-sector representatives from developing-country service industries.

This will be a further step in efforts to overcome the reluctance of governments in developing countries, particularly Brazil and India, to agree to liberalise their service sectors in a move they consider would give *carte blanche* to predatory multinational companies.

Amca in plastics venture

By Robert Gibbens in Montreal

AMCA International, an industrial products subsidiary of Canadian Pacific, has formed a joint venture with its associated Litwin SA of France and Dow Europe SA to add styrene plastics and ethylene derivatives to a major Soviet petro-chemical plant for C$ 1bn (US$840,000).

China Steel, of Taiwan, is considering a British Columbia site for a C$ 4bn steel-making plant and rolling mill. It will use low-cost BC coal and imported iron ore.

Moore Corp Toronto, the world's largest business forms maker, has agreed a joint venture with Atel SPA, its Italian counterpart, for the sale of Moore's electronic imaging technology in the Italian market.

Japan to intensify monitoring of foreign chip market share

By Robert Thomson in Tokyo

JAPAN'S Ministry of International Trade and Industry (MITI) is to broaden and intensify monitoring of purchases of foreign chips by semiconductor users, but stressed yesterday that it could not force Japanese companies to buy foreign chips.

The ministry is under pressure to ensure that foreign companies take an increasing share of the local chip market. The US complained that Japan was failing to honour an understanding that the foreign share of the market would rise to 20 per cent by 1991 and US government officials are contemplating prosecuting Japan for alleged unfair trade practices.

About another 30 Japanese companies, most of them car parts suppliers, have joined 60 companies already participating in a semiconductor action plan under MITI's supervision. All of the companies involved have been encouraged to update marketing plans and to establish internal committees responsible for purchases of foreign chips.

Mr Yukio Honda, the director of MITI's Industrial Electronics Division, said yesterday after a conference to review progress on foreign sales, that the auto parts makers comprised only 3 per cent of the chip market, and, at present, foreign suppliers had only 2 per cent of that.

He suggested that the foreign share could rise to 4 per cent fairly quickly, but further penetration would depend on the success of joint design projects by foreign suppliers and Japanese manufacturers.

Overall, the foreign share of the Japanese market was around 10.6 per cent at the end of 1988, up 2 per cent since the signing of a chip pact with the US in 1986, but down from a peak of 10.9 per cent at the end of the third-quarter last year.

Mr Honda said purchases of foreign chips had risen 118 per cent in value since the third quarter of 1986 to around $540m during the last quarter of last year. However, he argued that the market share had not risen more significantly because of a 77 per cent increase to $5.1bn in the size of the Japanese market during the same period.

MITI has begun to focus on joint work in product design as a key to increased foreign sales, as potential Japanese purchasers complain that the foreign chips do not suit their needs, and earlier co-ordination of product needs and chip specifications is needed. Mr Honda also indicated that foreign companies over-emphasised the importance of MITI in the purchase chain. "The final decision is in the hands of the companies," he said.

US Government officials are considering prosecution of Japan under the super 301 clause of the US trade act passed last year. Some punitive tariffs introduced by the US in 1987 following poor progress in chip sales remain in force, and Mr Honda said further sanctions could lead to "frustration" among Japanese companies making a genuine effort to increase purchases.

●Japanese companies last year for the first time topped the list of foreigners buying into US assets with investments in business and real estate of more than $15bn according to the Association for Foreign Investment in America, Nancy Dunne reports from Washington.

Britain remains the largest national investor in the US, with total holdings in excess of $88bn last year, compared to $48.5bn for Japan.

Japanese investment has increased tenfold over the last decade. While foreign direct investment in the US increased by 16.1 per cent last year, similar American investment abroad rose by only 6.6 per cent. Foreign investment in the US increased by 120 per cent in the past five years, but still comprises only about 5 per cent of US assets.

Tokuyama awaits word on US bid

By Ian Rodger in Tokyo

TOKUYAMA Soda, the Japanese chemical maker, was still waiting for word from Washington yesterday on its controversial $55m (£32m) bid for General Ceramics, a New Jersey-based company that has classified contracts with the US Government.

The agreed bid, made in January, was referred to the Committee on Foreign Investment in the US in compliance with the so-called Exon-Florio clause of last year's Omnibus Trade Act.

The clause is aimed at stopping foreign takeovers of companies whose business touches on national security.

The committee's inquiry was due to finish on April 17, after which its recommendation would be forwarded to President George Bush for a decision within two weeks.

General Cermaics produces ceramic beryllium components used for nuclear weapons and has a classified contract with the US Department of Energy.

The Japanese government has expressed concern that if the bid is rejected, that would deter other Japanese companies from investing in the US.

The US government has been investigating more than 30 such deals under the Exon-Florio provision since the start of this year.

In February, President Bush approved the takeover of Monsanto Electronic Materials, a maker of silicon wafers for semiconductors, by the West German chemicals group, Hüls.

The approval followed a committee inquiry and came despite loud opposition from some Congressmen and US semiconductor makers.

Last week, TDK of Japan, the world's largest maker of magnetic recording tapes, made a $200m, $20 per share, agreed bid for Silicon Systems, a California-based semiconductor maker, and analysts have speculated that it might be referred to the committee.

Tokuyama officials denied a newspaper report in Tokyo yesterday that the company had abandoned its bid.

"We are not giving up yet," an official said.

Tokuyama's main interest in General Ceramics is its semiconductor-related business.

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After all, taking calculated risks is one thing. Walking through a minefield without taking precautions is quite another.

TRADE INDEMNITY

UK NEWS

Hurd reaffirms ID scheme despite disaster

By Michael Cassell, Philip Coggan and Richard Tomkins

THE UK Government yesterday announced its determination, in the wake of the Hillsborough disaster, to press on with plans to impose a national membership scheme on football league clubs and to insist upon all-seating arrangements at major grounds.

Mr Douglas Hurd, the Home Secretary, told a sombre House of Commons that an urgent and thorough inquiry into the disaster, in which 94 people died and 170 were injured, would "proceed with all possible speed".

He said the Government believed the future of football lay in a identity card membership scheme and, after Saturday's events, in the removal of standing terraces from clubs recording the biggest gates.

There was no indication last night how many clubs would be affected or how long the Government will give them to implement the changes. Mr Hurd added: "We have to set our sights high and find a better way for British football."

The investigation into the tragedy will be conducted by Lord Justice Taylor, the Lord Justice of Appeal, who has been asked to make recommendations on safety at sporting events.

Lord Taylor, who will visit the Sheffield ground today, will be assisted by Mr Brian Johnson, the Chief Constable of Lancashire.

The Government's hard-line approach to its national membership scheme, which forms a central element in the Football Spectators' Bill, comes despite signs of growing unrest among Conservative Party MPs about the plan.

Mr Geoffrey Dear, Chief Constable of the West Midlands, who was appointed to head a separate investigation into the police handling of Saturday's events, yesterday said preparations for his inquiry would begin immediately and he would be visiting Hillsborough today with Lord Justice Taylor.

Meanwhile, reaction to the disaster continued with Mr Jacques Georges, the president of Europe's football authority UEFA, provoking controversy by referring to Liverpool supporters as "beasts".

Liverpool fans were at the centre of the Heysel stadium tragedy in 1985 when 39 people were killed and Mr Georges said yesterday that "This region (Liverpool) seems to have a particularly aggressive mentality."

His remarks were condemned by the Football Association.

Police jurisdiction ends at the stadium gate

Clubs hold ultimate responsibility for crowd safety, reports **Philip Coggan**

IN THE wake of tragedy, the media are quick to apportion blame. After Hillsborough, where 94 football fans died on Saturday, it is the police who have faced the severest criticism, with much comment focusing on the lack of control of crowds outside the ground and on the decision to open the gates to relieve the crush.

But it may surprise many people to learn that crowd safety inside football grounds is not the legal obligation of the police.

The Popplewell report, which followed the Bradford fire disaster and Birmingham riot, said that "it cannot be too strongly emphasised that it is upon the club, or the occupier of the ground that is putting on the function, that the primary and continuing obligation (for safety) rests."

Popplewell added that: "This responsibility, which is a legal responsibility, continues throughout the time that those they have invited on to their ground remain there. It does not, for instance, cease when an emergency arises . . ."

Nevertheless, although clubs do supply stewards to help in crowd control, it obviously falls to the police to carry the burden of crowd control. How they do so is very much a matter for individual forces.

The Home Office produces a Guide to Safety at Sports Grounds, which was amended in the light of the Popplewell recommendations. However, this document is purely advisory, partly because the police must be as flexible as possible in dealing with the wide range of grounds and clubs in the Football League.

The Home Office says that only one of Popplewell's final recommendations – concerning annual safety inspections – was not adopted. But that means they were incorporated in the guide, not that they have become part of common practice.

It seems hard to believe, for example, that the first recommendation in Popplewell's interim report, which said that "evacuation procedures should be a matter for police training and form part of the briefing by police officers before a football match," was adequately implemented at Hillsborough.

Heading inquiry: Lord Justice Taylor

Much of the burden of ensuring ground safety falls to the local authorities, which have to issue safety certificates, after consultation with the police and fire authorities.

But on the day of a match it is up to the police to decide how many officers to allocate and what plan of operation they should follow. At Hillsborough, there were some 800 officers on duty, under the control of a chief superintendent.

Those officers would have been equipped with closed-circuit television allowing them to monitor the points at which crowd pressure might be building.

The police control room would also have had access to information from the computerised turnstiles, which would warn of overcrowding in sections of the ground. However, in the specific case of Hillsborough, it may be that the information available did not distinguish between the central sections of the Leppings Lane end (where the tragedy occurred) and the side sections (where there was still space).

A police operation on such a scale costs a lot of money. Figures released by the Football Trust showed that the cost of policing football in England, Wales and Scotland in the 1987-88 season was £4.17m.

However, that figure may be a severe under-estimate of the total costs of policing football matches. All costs incurred outside grounds come out of the police's normal budget.

Police are also responsible for monitoring railway stations, shepherding crowds from stations to grounds and back again, and for preventing rival supporters from clashing in town centres.

Estimates put the total policing costs of matches at about three times the costs attributed to clubs. As the country reacts to this latest football disaster, one wonders whether society will continue to be prepared to pay this price.

Perhaps guidelines on policy will be set more firmly by Lord Justice Taylor's inquiry and will apply to forces throughout the UK.

Exchange withdraws opposition to reforms

By Richard Waters

THE International Stock Exchange yesterday backed down from its outright opposition to the proposed new accounting standards system in the UK.

This removes the last major obstacle to the proposals, made last year by the Dearing Committee which was set up to find ways of revising such standards, and is likely to lead to a new levy on listed companies to help pay for the changes to the system.

A month ago the Exchange denounced the Dearing proposals in a letter to the Department of Trade and Industry as "neither necessary nor appropriate".

In a second letter yesterday, however, the department accepted the need for a change to the existing system and announced its support for the structure proposed by Dearing – although with reservations.

Seeking to play down the scale of the transformation, Mr Jeffrey Knight, the Exchange's chief executive and a member of the existing Accounting Standards Committee, said that the Exchange's initial comments had been misunderstood.

"We dwelt almost entirely in that memorandum on the enforcement powers...It was not our intention to say that the whole purport of Dearing was wrong," he said.

In its new comments the Exchange still objects to some details of how accounting standards would be enforced in future.

He also denied that the Exchange had been lent on by the UK Government to change its views, although he said it had discussed its objections with the DTI, which is a supporter of Dearing.

The most significant change of heart is the Exchange's acceptance that it should help finance the new system, through a levy on listed companies.

It had earlier fought such a proposal, saying that the money should come from auditing fees paid to accountancy firms.

Explaining this change, Mr Knight said: "We have a central role in the amount and quality of information that might be supplied by companies. It's not conceivable that the Exchange should not be involved."

The Exchange still resists the Dearing suggestion that its levy on listed companies should contribute a third of the cash for the revised system.

This would amount to £1m if, as the Exchange claims, the total of cost of the new system is twice the £1.5m suggested by Dearing.

"That is rather a lot. An extra £2,000-£3,000 for the largest companies could be adding significantly to the listing fee," said Mr Knight.

The £1m would be in addition to the £23m in listing fees the Exchange raised last year.

There is now general consensus in the City, London's financial centre, the Government and the accountancy profession on Dearing, opening the way to the creation of a new Accounting Standards Board in the coming months.

Economy show signs of steady growth as spending falters

By Ralph Atkins, Economics Staff

SIGNS that the UK economy is entering a period of strong manufacturing growth but faltering consumer spending came in official figures released yesterday.

The rapid upward trend in manufacturing output showed no sign of slowing in February, the figures showed. Provisional figures for seasonally-adjusted retail sales volumes for March were unchanged compared with a 3.1 per cent jump in February.

Together the figures suggest that so far high interest rates are restraining demand without leading to a pronounced slowdown in output – in line with Treasury forecasts pointing to a "soft landing" for the UK economy.

They failed, however, to dispel fears of mounting inflationary pressures in the economy. Other figures showed growth in wages and salaries per unit of manufacturing output continues to creep upwards – and could lead to higher prices unless profit margins are squeezed.

A report published next week by the Treasury is expected to show UK productivity is about 50 per cent higher than in Japan. It will show Japanese productivity is dragged lower by its agriculture and distribution sectors.

The retail sales figures, published by the Department of Trade and Industry, suggest growth in retail sales has flattened considerably. In the three months to March, sales were ¼ per cent lower than the previous three months, although this could have been distorted by exceptionally weak sales in January.

Compared with the corresponding three months a year earlier, sales were less than 4 per cent higher – down from peaks of near 7 per cent last summer.

The DTI said last month's figure could have been inflated artificially by the Easter holiday falling entirely in March for only the third time since 1970, and by mild winter weather.

The figures contrast with yesterday's Confederation of British Industry/Financial Times distributive trades survey. This pointed to a rebound in retail sales compared with March 1988.

The Central Statistical Office said manufacturing output in the three months to February was 7.3 per cent higher than the corresponding period a year before. Compared with the three months to November it was 1.1 per cent higher.

The CSO believes the year-on-year rate of growth was above trend, partly because of an particularly low level of output in February 1988. Its estimate of the underlying rate of growth has been revised down from 7 per cent to 6¼ per cent a year – but remains in line with the average growth rate since the middle of 1987.

Output in energy industries fell further in the three months to February, reflecting problems in North Sea oil fields and mild winter weather. Total industrial production, which includes manufacturing and energy was 2 per cent higher in the three months to February than the corresponding period a year before.

Output per head in manufacturing in the three months to February was 6.5 per cent higher than a year earlier, slightly higher than figures for January. Wages and salaries per unit of manufacturing output rose 2.9 per cent during the same period, a faster rate of increase than in January.

The seasonally adjusted index of retail sales volumes stood at 141.7 (1980=100) in March, unchanged from February. The index of industrial production in February was at 109.0 (1985=100) against 109.3 in January. The index of manufacturing output was at 117.8 against 118.5

Tories rule out talks on dock labour plan

By Ivor Owen and John Gapper

NEGOTIATIONS on the future of the National Dock Labour Scheme, which sets out terms of employment in most of Britain's ports, were ruled out by the Government in the House of Commons last night, while Labour leaders refused to say whether they would back a national dock strike.

Angry clashes between Mr Norman Fowler, the Employment Secretary, and Mr Michael Meacher, his Labour counterpart, dominated the opening stages of the debate on the Dock Work Bill which abolishes the dock labour scheme.

With the Labour members roaring approval, Mr Meacher argued that by introducing the bill without consultation with the Transport and General Workers' Union (TGWU), the Government had sought to provoke a dock strike.

In a series of heated charges and counter-charges, Mr Fowler said the docks covered by the scheme wanted it abolished so they could compete more effectively with non-scheme ports, with Continental ports which had taken much of the UK's trade, and to prepare for the single market in 1992.

Meanwhile, a strong warning that the TGWU is prepared for a prolonged strike over the abolition of the scheme was given yesterday by Mr Bill Morris, TGWU deputy general secretary.

Mr Morris, speaking on the eve of talks with the National Association of Port Employers (Nape) in London today, said that port owners would be "very foolish indeed" not to negotiate seriously on a replacement for the scheme.

He told the Scottish Trades Union Congress annual conference in Aberdeen: "We think that a united movement can defend this industry."

Nape leaders have said they will not negotiate at the meeting today with Mr Morris, Mr Ron Todd, TGWU general secretary, and Mr John Connolly, National Docks Officer.

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BP, Esso post big increase in petrol prices

By Steven Butler

PETROL PRICES took another leap upward yesterday with BP and Esso announcing large increases. These are the second big rises in less than a month and other petrol marketers are expected to follow shortly.

The increases are expected to make a significant contribution to Britain's rising inflation.

BP fired the opening round with an announcement that it would lift wholesale prices from tonight by 7.7p. This would increase the typical pump price for four star unleaded to 195.5p a gallon, amounting to a 24p-a-gallon increase since January. Unleaded will cost 186p. BP said the increases did no more than reflect the rapid increase in international petrol prices.

Esso followed BP's lead with announcement of an 8.2p a gallon increase, which took effect last night. Esso's four star price is 196p a gallon, while unleaded is 186.4p.

The retail price increases follow a month of hectic rises in European wholesale prices, in which tightness in the market has been fuelled by a sharp fall in petrol stocks. Euroil, the stock reporting service of Petroleum Economics, has reported a 7 per cent fall, amounting to 1.2m tonnes, in EC primary petrol stocks.

Wholesale European petrol prices, which form the price basis for the British market, have moved ahead much more sharply than crude oil or other petroleum products.

Strong demand in the US market is also expected to prevent any early easing of European prices.

The UK increases provoked sharp criticism from Members of Parliament (MPs). The petrol retailing industry is being investigated by the Monopolies and Mergers Commission, following the recommendation of a House of Commons committee which examined the industry last year. The committee criticised the behaviour of the oil companies but found no evidence of a cartel.

The commission is understood to be studying the question of whether oil companies should be required to reduce direct ownership of petrol stations, as was recently ordered for brewers that own large numbers of pubs.

Conference plans to update law on salvage

By John Hunt, Environment Correspondent

AN international conference attended by 70 countries opened in London yesterday to update the law on salvage at sea in order to prevent oil slick disasters such as the recent Valdez incident

The meeting, held by the International Maritime Organisation, is intended to revise the 1910 Brussels Convention on Salvage. The convention does not take into account the massive growth in trade by giant oil tankers and the danger they present to the environment after an accident.

A main plank of the convention is the "no cure, no pay" principle embodied in the standard salvage contract now in use worldwide. This means that the operators of the salvage vessel will only be compensated if they are successful in saving the ship or cargo.

The draft proposals before yesterday's conference proposes rewards to those who undertake salvage operations to avert danger of oil pollution, damage to the environment or to human health.

The level of such compensation will be one of the major issues at the conference.

Bosch settles on a new home in Wales

Anthony Moreton and John Griffiths analyse a West German investment

IT HAS taken nearly a year for Robert Bosch of West Germany to convince itself that the UK will be a more advantageous location than Spain for a major new investment in car component production.

Analysts at Bosch, which claims to be the world's largest independent vehicle components maker outside of the tyres sector, by early this year had drawn up what was seen as a compelling list of reasons for Bosch to spend £100m on a production facility at Miskin, north-west of Cardiff, in Wales.

Bosch, like other large European component makers, perceives a need to service this industry from within. Vehicle makers increasingly are insisting that their top-level component suppliers base themselves fairly close to the vehicle makers' own plants as they struggle to get their inventory levels closer to the "just-in-time" systems of the Japanese.

The move is seen within Wales as recognition by a leading European company that the industrial face of the principality is changing and that one of the most dynamic parts of the UK over the past two years can compete for inward investment on an international stage.

By 1995 the Bosch plant, occupying a site of 150 acres, is intended to be producing at least 5m 'high-tech' alternators a year, employing more than 1,200 directly and generating another 1,500 jobs among its own UK suppliers.

The new jobs will reinforce government claims that Wales is undergoing something of a renaissance in industrial and financial sectors. There are now 10 times as many people employed in the financial services sector as in the coal industry.

Names such as Trustee Savings Bank, N M Rothschild, Chemical Bank, Banque Nationale de Paris, National Provident Institution and the AA's insurance division contribute towards a sector employing 70,000 people compared with 7,000 in the nine remaining pits left in South Wales.

Wales has become a country of high-tech rather than high-stack industries with companies such as AB Electronics, Race Electronics, Align-Rite and others contributing to the switch away from the traditional industries which dominated the region in the past.

An added incentive for Bosch is the availability of a Welsh labour force which has already shown energy, willingness and flexibility at Japanese plants now long-established in the region – and which, more importantly still, will be paid much less than Bosch's West German workforce.

EUROPE'S TOP 10 COMPONENT MAKERS	
1987	sales $m
Michelin (France)	8,070
Bosch (WG)	7,611
Philips (Neth.)	6,786
Pirelli (Italy)	2,900
Valeo (France)	2,063
Magneti Marelli	2,038
GM Components (US)	1,997
Lucas (UK)	1,989
ZF (WG)	1,942
GKN (UK)	1,803

Source: Economist Intelligence Unit

But Bosch is being spurred on by sticks as well as carrots. West Germany's high cost base for some time has been stepping up the pressure on Bosch to shift even more production overseas than it has already if it is to remain competitive. The Miskin project is simply one of the largest, and will certainly not be the last, of a series of investments outside of West Germany.

Bosch already has 31 plants making motor components in 15 countries. Investment in foreign facilities last year accounted for 28 per cent of the company's total capital spending of £650m, and Bosch intends this percentage to increase over the coming years.

The new investment in Wales underpins stakes already made by other companies such as Kelloggs, and most importantly, Japanese concerns.

The first Japanese arrival was Takiron in 1972 but it was the second company, Sony, that set the trend in motion. There are now 18 Japanese concerns in Wales, including Aiwa, Brother Industries, Orion and Hoya Lens.

Bosch has also shown that international companies "think Wales" in the words of Dr Gwyn Jones, chairman of the Welsh Development Agency.

"Our success in securing this project has been achieved in the face of fierce competition and adds even greater strength to a key sector in the Welsh economy," he added.

Bosch has also shown that Wales, with its good labour force, easy communications and ample land can compete for the internationally mobile investment decisions that two years ago most people thought had come to an end.

Bosch chose Wales in preference to Spain. It is not the only motor concern to see advantages in the principality. Ford, last year announced the largest single investment in Britain when it decided to spend £750m ($1.26bn) on its engine plant at Bridgend and components factory at Swansea.

Last year a record £1bn was invested in Wales by incomers. Mr Walker said yesterday other overseas companies were looking at Wales eagerly and he forecast more announcements in the near future.

One could be an international educational institute which is contemplating a move to Cardiff. In the first quarter of this year 76 companies which had not previously been connected with the country visited Wales to look at potential sites.

The third effect Bosch will have on the economy is to help upgrade it. Not only will the German concern be spending heavily on training – probably about £19m – but it will act as a multiplier industry for the the army of component suppliers from which it will buy parts.

It is no secret that the arrival of the Japanese, with their stringent quality controls and demands for excellence all-round, has helped put the native technology industry on a higher plane. Bosch is expected to do the same, to the benefit of everyone.

Heading the list of incentives is the current growth of UK motor industry production, prompting a belief at Bosch that well before the end of the 1990s UK-based industry will be producing more than 2m cars a year. This compares with 1.26m last year and is more than double the 887,000 produced in 1982.

Doctors' watchdog attacks reforms

By Alan Pike

THE ROYAL College of General Practitioners severely criticised the Government's health reforms in its first detailed assessment of the proposals.

The report criticises the lack of proper evaluation before introducing the proposed changes and says: "As an academic body, it must state that just as it opposes medical treatment based on guess, so it must regret the treatment of a whole health service on hunch."

The college's council at the weekend overwhelmingly rejected the policy paper, "Working for Patients", which sets out the reforms, and yesterday it published a detailed criticism which will be sent to Mr Kenneth Clarke, Health Secretary.

Professor Denis Pereira Gray, council chairman, said members of the college, which is responsible for maintaining professional standards and encouraging education and research among general practitioners (GPs) had expressed enormous concern about the Government's plans.

The British Medical Association is waging a high-profile campaign of opposition to the policy paper, and ministers had hoped that their proposals might attract a more sympathetic reaction from the college.

The college expresses "profound regret" that the medical profession was not consulted about the radical ideas proposed by the Government, and says the timetable for consideration and consultation is not reasonable.

The paper criticises the "tone, tenor and style" of Government's consultations on the policy paper, which have "caused considerable offence within the profession" and made objective assessment very difficult.

It says most members of the college are worried about the effect on doctor-patient relationships of the Government's proposal for GPs to become budget holders, buying hospital and other care on behalf of their patients. The idea should be properly researched and scientifically evaluated.

Many members, says the college, "fear that a major effect of the new proposals will be to commercialise British medicine and to change the balance away from an essentially caring, vocational approach to a more monetary one."

Cetus set to launch cancer drug in Europe

By David Fishlock, Science Editor

CETUS, the Californian biotechnology company specialising in cancer treatment, is preparing to launch its latest genetically engineered product in the European market next year.

Dr Robert Fildes, chief executive officer of the US company, told analysts in London that Cetus had begun building a European marketing team in anticipation of safety approval for Proleukin, known in its genetically engineered form of interleukin-2.

Interleukin-2 is a naturally occurring protein with a role in defending the body against cancer.

Dr Fildes said the first application of Proleukin would be to treat a cancer of the kidney known as metastatic renal cell carcinoma.

He claimed that doctors using Proleukin have been getting a positive response in 30 per cent of their patients, and complete remission of the tumour in 10 per cent of cases.

It needed high doses, which meant toxic side effects, but these had proved manageable, he added.

Euro Cetus, its Amsterdam-based offshoot, headed by Dr Filippo LaMonica, an Italian cancer specialist, had begun to recruit a European marketing team, Dr Fildes said.

Cetus had already invested over £10m ($16.8m) in production facilities for Proleukin in a plant in California.

Dr Fildes said Proleukin had been given to over 3,000 cancer patients in clinical trials, and was also showing promise as a treatment for colon cancer, lymphomas and melanomas.

It differed from chemotherapy – conventional drug treatment – in that the side effects ceased as soon as the patient stopped taking Proleukin.

Cetus has recently reached an agreement with Hoffmann-La Roche, the Swiss pharmaceutical multi-national, its principal rival in the race to market interleukin-2.

Hoffmann-La Roche has rights to a Japanese version genetically engineered by Ajinomoto, the food group.

In December, the two companies signed a cross-licensing agreement on the technology – although not products – for their various versions of interleukin-2.

OBITUARY

Banking chief dies at 64

SIR PHILIP de Zulueta, a former chairman and chief executive of Antony Gibbs, the City of London merchant bank, has died at the age of 64. He had been chairman of the Tanks Consolidated Investments since 1983.

At an earlier stage of his career, Sir Philip had been private secretary to three prime ministers, serving in turn Sir Anthony Eden, Mr Harold Macmillan and Sir Alec Douglas-Home between 1955 and 1964.

Sir Philip was the son of Francis de Zulueta, the Regius Professor of Civil Law at Oxford, and was educated at Beaumont, the Jesuit college, and New College Oxford.

He served with the Welsh Guards during the Second World War and later joined the Foreign Office, serving in Moscow in the early 1950s.

Although trained as a career diplomat, Sir Philip left the Prime Minister's employ to become head of the international department at Hill Samuel. His former colleagues recall him as "a strong personality with enormous presence."

He gave few signs of missing his former place at the centre of power, quickly developing a new career as a financial diplomat. The opportunity to become chief executive at Antony Gibbs, after a less than easy spell at Hill Samuel, appealed to him.

He is survived by a wife and a son and daughter.

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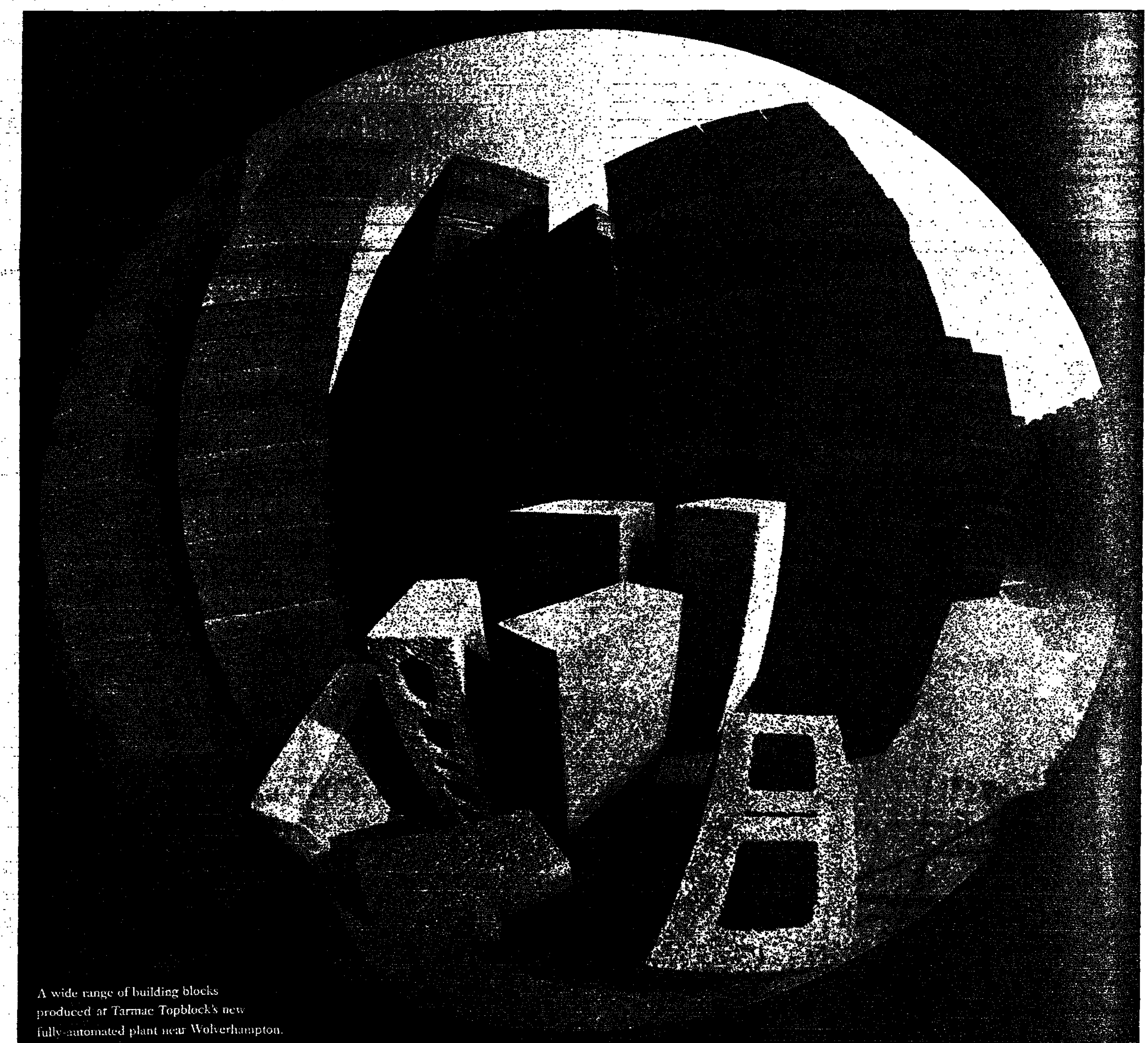

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TAKE A CLOSER LOOK AT TARMAC FOR DIVERSITY AND DEPTH

FT LAW REPORTS

Insider information needs no effort

ATTORNEY GENERAL'S REFERENCE NO.1 OF 1988
House of Lords (Lord Keith of Kinkel, Lord Templeman, Lord Ackner, Lord Oliver of Aylmerton, and Lord Lowry): April 13, 1989.

INSIDER INFORMATION knowingly received from a person connected with a company is "obtained" by the recipient, though he made no effort to acquire it; and he therefore commits an offence if he knows it is confidential unpublished price sensitive information but makes use of it by dealing with the company's shares on the stock exchange.

The House of Lords so held when dismissing an appeal from a Court of Appeal decision on a reference by the Attorney General, that the meaning of "obtained" for the purposes of insider dealing legislation was not restricted to "acquired by purpose and effort." The reference arose out of the appellant's acquittal by the Southwark Crown Court of insider dealing offences on the ground that he had made no effort to acquire insider information from which he made £3,000 profit.

Section 1(3) of the Company Securities (Insider Dealing) Act 1985 provides: " . . . where-(a) an individual has information which he knowingly obtained . . . from another individual who-(i) is connected with a particular company . . . and (ii)the former individual knows or has reasonable cause to believe held the information by virtue of being so connected . . . (4) . . . the former individual . . . (a) shall not himself deal on a recognised stock exchange in securities of that company if he knows that the information is unpublished price sensitive information in relation to those securities . . . "

LORD LOWRY said that on April 11 1988 at Southwark Crown Court the appellant pleaded not guilty to charges of dealing in company securities as a prohibited person, contrary to sections 1 and 8(1) of the Company Company Securities (Insider Dealing) Act 1985.

It was alleged that, having knowingly obtained price sensitive information in relation to a company's securities from an employee of the company's merchant bankers, he purchased 6,000 ordinary shares in the company on the stock exchange.

The prosecution conceded that the appellant had taken no step directly or indirectly to acquire the information (which had been given him quite properly).

Counsel for the appellant submitted *inter alia* that there was no evidence that he "obtained" the information – he merely received it. It was said that the section 1(4) prohibition did not operate against him, since the proper construction of "obtained" in section 1(3) connoted active conduct.

The trial judge upheld that submission and directed the jury to acquit the appellant.

The Attorney General then referred two points of law to the Court of Appeal as to (a)whether "obtained" in section 1(3) had the restricted meaning of "acquired by purpose and effort," or had a wider meaning; (b) whether an individual who had the information from another, and was otherwise within the statutory prohibitions, might have "obtained" the information. The Court of Appeal said that (a) "obtained" in section 1(3) had a wider meaning than "acquired by purpose and effort"; and (b) an individual who had the information from another, might have "obtained" it. They referred the points of law to the House of Lords.

The relevant provisions (section 1(3) and (4)(a)) applied to what was termed a "secondary insider", because his information was derived from another individual. Subsections (1) and (2) of section 1 applied to a primary insider, being "an individual who is, or at any time in the preceding six months has been, knowingly connected with a company."

Section 1(5) inhibited dealing by an individual who was contemplating or had contemplated making a takeover offer for a company, and 1(6) applied to an individual who had "knowingly obtained" information and to whom subsection (5) applied.

Section 2 dealt with abuse of information held by or "knowingly obtained" from a Crown Servant. Section 3 excepted persons who used the information otherwise than to make a profit or avoid a loss from the prohibition, as well as liquidators, receivers, trustees in bankruptcy and jobbers.

The first meaning of "obtained" in the Oxford English Dictionary was: "To come into the possession or enjoyment of (something) by one's own effort, or by request; to procure or gain as the result of purpose and effort; hence, generally, to acquire, get." The primary meaning of "obtain" was consistent with the appellant's case. But the words following the colon and commencing "hence, generally," clearly denoted a *general* meaning *derived* from the primary meaning. The words "acquire" and "get," unaccompanied by any adverb or adverbial phrase, were wide enough to cover the primary meaning, and the secondary meaning of coming into possession of a thing without effort on one's part.

The appellant relied on the principle that any ambiguity in a penal statute should be resolved in favour of the defence (see *Tuck & Sons v Priester (1887) 19 QBD 629, 638*. That submission must be qualified by Lord Reid's observation in *R v Ottewell [1970] AC 642, 649* that the principle "only applies where, after full inquiry and consideration, one is left in real doubt."

He said that if the court was satisfied as to the meaning Parliament must have intended the words to convey, the principle did not prevent it from giving effect to its conclusions.

The next step therefore was to decide whether Parliament must have intended "obtained" to convey its secondary or general meaning. If so, the offence was made out. The offence was dealing on a stock exchange in securities of a company in defined circumstances. It could be committed by a primary insider or a secondary insider who knowingly *obtained* information from a primary insider.

Whether the secondary insider solicited the information or merely received it did not increase or diminish the undesirability of his making use of it, or the ultimate effect on the other party to his dealing.

It was permissible to look at circumstances preceding the legislation to see what was considered to be the mischief in need of a remedy (see *Black-Clawson [1975] AC 591,614*).

The White Paper on The Conduct of Company Directors (1977)(Cmnd 7037) paragraph 22, stated that insider dealing covered situations where a person bought or sold securities when he, but not the other party to the transaction, was in possession of confidential information which affected their value.

It said "the *confidential* information will generally be in his possession because of some connection which he has with the company . . . or because someone in such a position has provided him directly or indirectly, with the information."

That tended to show that the mischief consisted of dealing in securities while in possession of the confidential information. The wording looked to the possession of the crucial information, not the method of its acquisition.

The use of sensitive information by a secondary insider was regarded by the White Paper as one of the evils to be dealt with (see paragraph 26). The object of *the legislation must be* partially defeated if the narrow meaning of "obtained" was adopted.

The appellant submitted that words ought to be given their ordinary and natural meaning. *Spillers [1931] 2 QB 21* was relied on for the proposition that words should be construed in their ordinary and proper sense, not in their loose sense.

In *Spillers* the choice was between the proper and ordinary meaning and its loose and inaccurate meaning, whereas in the present case the choice was between the primary meaning and secondary but correct and acceptable meaning.

The grammatical construction of section 1(3)(a) was equally consistent with both meanings of "obtained." Having weighed the points on either side, and not forgetting that the case concerned a penal statute, his Lordship was satisfied that Parliament intended "obtained" to have the wider meaning in the Act. There was no room for the kind of ambiguity on which the appellant attempted to rely.

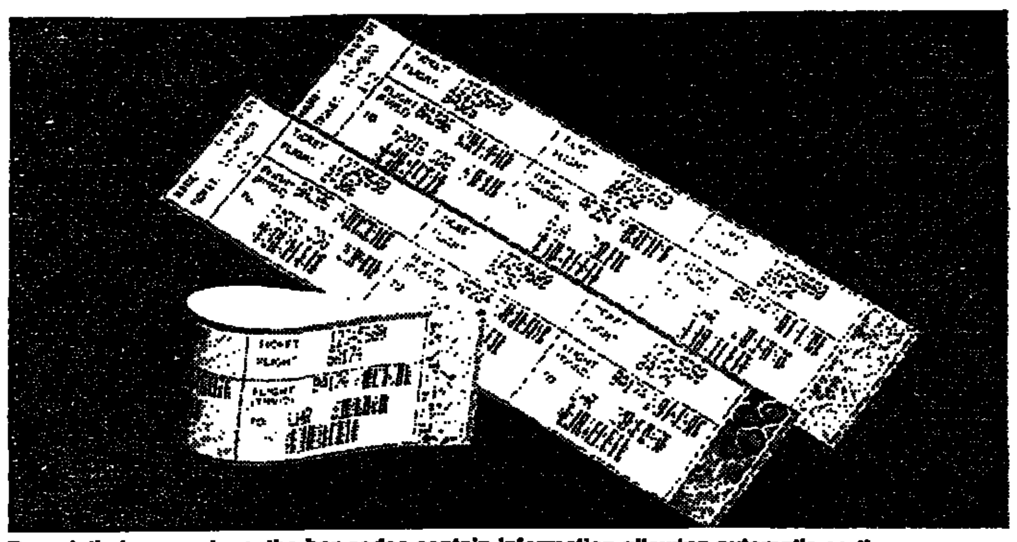
Their Lordships agreed. The appeal was dismissed.

For the appellant: Roger Buckley QC and Antony White (Offenbach & Co).

For the Attorney General: Nicholas Purnell QC and Timothy Nash (solicitor, Department of Trade and Industry).

Rachel Davies
Barrister

TECHNOLOGY



Donprint's luggage tags: the bar-codes contain information allowing automatic sorting

The joys of travelling on a bar code

James Buxton looks at a ticketing system which could improve airline efficiency and security

Donprint, a Scottish company which produces labelling systems, will today unveil a system that can automate all the ticketing and baggage handling of airlines.

Apart from improving air security, it will hasten the disappearance of the traditional airline ticket and luggage tag, and help to ensure that passengers and their luggage travel on the same aircraft.

Donprint's Airline System builds on developments which are already under way in the airline industry, but by combining and extending them, the company believes that airlines can increase safety and efficiency, save money and improve cash flow.

There are two main areas where airlines are trying to make their procedures simpler and more secure. First, the conventional airline ticket, incorporating layers of carbonated coupons, is being replaced with a single document which functions as both ticket and boarding pass.

Iata, the International Air Transport Association, has laid down specifications for an automated ticket/boarding pass (ATB), which can be issued by travel agents. Many US airlines already use them and several European carriers, including British Airways, Air France, Swissair and Lufthansa, are introducing their own versions, especially for use on high density routes.

The more advanced types of ATB incorporate a magnetic strip which enables the ticket to be "swiped" through checking machinery. This could lead to unmanned check-in counters although critics say that the magnetic strip could easily be counterfeited.

Second, to tighten security, airlines are stepping up efforts to ensure that passengers and their luggage travel on the same aircraft. Many in the industry believe that the explosion on Pan Am 103 over Lockerbie and the Air India disaster over the Atlantic in 1985 might have been prevented if there had been a more effective procedure for reconciling passengers and luggage, so that no baggage travels without a passenger.

Under International Civil Aviation Organisation (ICAO) regulations, the positive matching of passengers and baggage became mandatory at world airports in December 1987. By April 1 this year, airports should have moved on to the next stage and installed systems for putting a machine-readable bar-code on luggage tags, which ought to make reconciliation of baggage with passengers easier.

Luton airport in Britain is one of the first to have a bar-code system operating. It was installed by a Hertfordshire company named BRaLS (Baggage Reconciliation and Location Systems). As the baggage is checked in, it is tagged with a bar-coded label containing information enabling the baggage handling system to sort the luggage automatically. Inter-line baggage will be bar-coded as it enters the airport.

But at Luton the bar-codes are not being used for passenger/luggage reconciliation: this is done manually by checking the numbers on the baggage against the list of boarded passengers. With additional software, it would be possible to do this automatically.

David Williams, who runs BRaLS, says that the system can pinpoint where in the hold of the aircraft each piece of luggage has been placed, so that it can be removed quickly if a passenger does not show up at the boarding gate.

Donprint has devised a system which builds on both these developments and produces several other benefits. The East Kilbride company, which has little previous experience of the airline industry, has a rapidly growing business selling equipment and systems for labelling products. For example, it provides a system by which International Business Machines puts product identification labels (complete with serial numbers) on many of its personal computers.

Donprint sees similarities between identifying products and tracing them through manufacturing and distribution, and tracking passengers and luggage across the world.

Under its airline system, the passenger is issued with a single combined ticket and perforated boarding pass. As Ray Kirk, Donprint's general manager, explains, "it can be issued by the airline at the check-in desk, or by anyone with a personal computer and a modem – a travel agent or hotel, for example."

To guard against fraud, the blank ticket would be marked with a hologram containing a numerical code. In addition, the person issuing the ticket would print an eight-digit number on to it in the form of a bar code. The bar code would be the equivalent of a passenger Pin (personal identification number), valid for the flight or sequence of flights. With the hologram, it would create a unique combination.

When the passenger presents the ticket at the airport check-in counter, the clerk checks its validity with airline's database and then prints the bar code on to the passenger's hold luggage and hand luggage. As the passenger proceeds through the airport, bar-code readers – like those in a supermarket – read his ticket at different checkpoints. The label on his luggage would also be checked. The airline's database would record whether the passenger had been searched, and in which part of the aircraft his luggage was located.

A passenger joining a flight from an airline without an automated system would be issued with a bar-coded ticket at the check-in desk and his luggage would be bar-coded in the airport luggage system.

When the boarding gate is reached, any discrepancy between passenger and luggage would show up on the computer terminal of the aircraft dispatcher or captain and, as with BRaLS, errant luggage could be swiftly located.

Equally, if the luggage had been loaded on the wrong flight, it would be possible to track it down. Airlines spend millions of pounds a year tracing and redirecting missing baggage – a problem which Donprint believes its system would sharply diminish.

The captain would have a manifest giving an up-to-date list of passengers who had actually boarded, and a list giving the location of all hand and hold luggage in the aircraft.

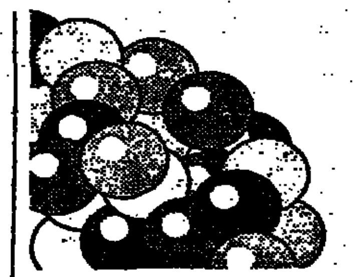
Kirk says that one of the attractions of the Donprint Airline System could be financial. As the ticket is issued, the inter-airline billing system would be activated. At the moment, the coupons which a travel agent pulls out of a ticket can take three weeks to work their way through the system, especially if they involve more than one airline.

"It's a totally integrated system which we believe will go long way towards improving customer confidence," says Kirk. But, he says: "We're not going to achieve progress incrementally – an airline has to adopt the system in its entirety, even if it's only for a geographical segment of its operations." As with many automated airline systems, few people expect them to be adopted initially for use in airlines' remote outstations with a only a few flights a day, or by developing countries.

Williams, of BRaLS, who has dealt with airlines for several years, warns that "it is difficult to sell airlines and airports systems which are not mandatory." But others in the airline industry believe that Donprint's system could have particular appeal to smaller airlines, since it is available off the shelf, though Kirk says that in preliminary demonstrations much of the interest has been expressed by large US airlines. Kirk believes that Donprint can take a quarter of the world market for such systems if the idea catches on.

It is an ambitious venture for a company which only employs 80 people and expects sales this year of just under £4m. It provides everything required for the system, from the hardware to the luggage tags, plus maintenance and back-up. The system is designed to run on both IBM and Hewlett Packard hardware.

But, as Kirk explains, "we are in the business of labels, printers and databases, which is what this system is based on." Some 2.5bn baggage tags and 1.75m tickets are issued every year.



WORTH WATCHING
Edited by Geoffrey Charlish

Colour copying using capsules

BROTHER, the Japanese office equipment company, has moved into the copying market with a £5,000 colour machine called Brothercolor 5500. High quality results are produced by a process called Cycolor, which can deal with a variety of originals at a cost "within the range of almost every business."

The process uses a light-sensitive paper impregnated with soft green/blue, purple/red and yellow capsules which harden in varying combinations when exposed to differently coloured light. After exposure, this paper is compressed between rollers with white print paper from a second roll. The soft capsules in the light-sensitive paper burst and release their dyes on to the print paper, which is then heated to seal a surprisingly crisp copy image into the surface.

A cartridge of the light-sensitive paper, which yields 330 A4 copies, costs £140 and the print paper (200 prints), £19.95. Thus, the cost of a print works out at 52p, which Brother says is in the middle of the range of competitive products.

Since no chemicals or toners are involved, the machine needs little maintenance. It warms up in about three minutes and can then produce 90 copies per hour. It can also reduce images to 70 per cent of the original, or can magnify three times.

Protecting small electric motors

RAYCHEM, the US-based materials science company, has developed a positive temperature coefficient (PTC) switch for the protection of small electric motors.

The device is sufficiently small and robust to be installed inside the motors used in car widow winders, central locking systems and other automotive systems.

PTCs are able to disconnect a motor from its supply if mechanical jamming occurs. As soon as the motor is stalled, it heats up and can be damaged if not switched off. If there is a PTC present, it also heats up and develops a high electrical resistance which limits the current to a very low value, disconnecting the motor. Then, as cooling occurs, the PTC's resistance reduces again and current can flow normally.

The Raychem device, called Polyswitch, has no moving parts and so is not affected by vibration or welded contacts from the over-current, as can be the case with contact breakers.

Particles with possibilities

NANOPHASE materials – elements and compounds made in the form of extremely fine particles – are likely to assume increasing importance in the next few years, according to Technical Insights (TI), the New Jersey technology market research organisation.

Nanophase particles are so called because their sizes range from one to 100 nanometres (a nanometre is one thousand millionth of a metre). Such extremely fine powders flow rather like water and can assume mechanical, electrical, magnetic and optical properties that are not present in normal forms.

Work going on in a number of laboratories is covered in a report from TI called Nanophase Materials: New Ceramics, Composites, Metals. It describes the processes being used in laboratories to make the materials and indicates the key research groups, licensable patents, papers and joint research opportunities.

Among the possibilities are ceramics that have a degree of ductility (at low temperatures) and materials which can have a non-linear effect on light (one colour as an input and two as an output, as a result of frequency doubling).

Computer with a faster answer

NEC, THE MAJOR Japanese electronics group, has launched what it claims is the world's most powerful supercomputer, the SX-3. It uses new large scale integrated chips and is said to be "a dramatic improvement over all previous supercomputers."

There are seven models in the range. The most powerful uses four individual processors and can offer a speed of 22bn floating point operations per second (in the jargon, 22 gigaflops). The machine also has two billion bytes (characters) of random access memory. The operating system (the internal organisation of the machine's operation) is a form of the multi-user, multi-task software called Unix.

This is the first Japanese machine to use the multiprocessor approach, with parallel processing. By dividing programs into four "streams" and dealing with them on four separate processors (each of which can access the memory when necessary), a faster answer is obtained than with a simple single processor approach of the same aggregate power. The machines range in price from $7.0m to $24.2m.

Swagelining goes to the US

BRITISH GAS technology for lining underground pipes, which cuts the cost of renewal by 40 per cent, is to be used in the US following the signing of a contract with Dowell Schlumberger, a US engineering company. Including patent royalties, the contract is expected to be worth about £10m.

The technique, called swagelining, has been successfully used in the UK for two years. Plastic pipe is warmed and then drawn through a swageing die, a device which squeezes the diameter of the pipe so that it can be inserted into the gas main. Once in place, it expands back to its original size and forms a closely fitting, corrosion free lining. This method saves the cost of new pipe and of digging the customary open trenches.

CONTACTS: Brother: UK office, 061 330 6531. British Gas: London, 821 1444. Technical Insights: US, (201) 568 4744. Raychem: UK office, 0793 28171. NEC: London, 993 8111.

MANAGEMENT: The Growing Business

Technology transfer

Benefits and pitfalls of buying rather than inventing

Charles Batchelor continues the series by explaining why it is essential that the fit of any acquired innovation is compatible with existing activities and that financial controls are stringent

Shelbourne Reynolds, a Suffolk-based agricultural engineering company, has spent the past four years perfecting a new grain stripper which it believes will have a major impact on harvesting methods and on the design of the traditional combine harvester.

The 17-year old company, which has sales of £3.5m and a workforce of 85, had previously always developed its own products from scratch. But with the grain stripper, it decided for the first time to develop someone else's idea under licence.

The stripper, which speeds up the harvesting process, was licensed to Shelbourne by the British Technology Group, the government-owned technology transfer agency.

Shelbourne spent two years making prototypes and pre-production models until last year it made 26 commercial sales. It hopes to sell 1,000 strippers a year over the next few years. Keith Shelbourne, managing director, is confident his company's turnover will double or triple in that time.

That is the good news. But Shelbourne's first experience of technology transfer was not without its problems. Development costs of the stripper ran into several hundred thousand pounds, four times Keith Shelbourne's original estimates, and the time taken to bring it to market was far longer than he had expected.

For the first time in its history Shelbourne made a loss; the company's bank manager refused to back further funding of the project; and Keith Shelbourne was forced to sell off a 30 per cent stake in the company to avoid going into liquidation.

"From the engineering point of view we never had any real problems," says Shelbourne. "The error was in our financial controls." Despite these difficulties Shelbourne says he never lost faith in the potential of the stripper.

Shelbourne's experience provides a graphic illustration of the benefits and the pitfalls facing the smaller company when it buys in outside technology. A large corporation can afford to write off the occasional failure but the finances of the smaller organisation are more finely balanced.

"Technology transfer opens a new door and it is not unusual for the smaller company to double or triple its turnover," says John Emanuel, chairman of the Institute of International Licensing Practitioners.

"The problem is getting the fit right. The company must be able to absorb the technology. We have to make sure the management strength is there."

Ken Preece, an assistant director at British Technology, says: "Small companies do often run into difficulties, maybe because the product has proved more expensive to develop than they thought. In extreme cases licensees do go bust."

But set against this, small and medium-sized businesses can offer licensors a number of advantages.

Keith Shelbourne: never lost faith

"Small firms can take decisions quickly," says Hugh Stirling, in charge of agricultural equipment at British Technology. "They can roll their sleeves up and get stuck in. Multinationals may be working to a five or 10 year plan and decisions may have to be referred back to the US."

Shelbourne took up the idea of the grain stripper because it fitted in well with its existing range of machinery. Nevertheless, small companies can be resistant to adopting other people's ideas. "The founders of a small company tend to be much more closely concerned with the technology with which they started than the technology director of a large company would be," says Derek Schafer, operations director of British Technology. "Small companies don't add new products to their range as much as they should."

It is for this reason, and because small firms often lack the resources to develop all their own ideas, that technology is more likely to be transferred from a small firm, or from an individual inventor, to a larger company than for the flow to be the other way.

"Our experience is that small companies and individuals are sellers rather than buyers of technology," says Alex Korda, chairman of Korda and Company, which advises technology-based businesses.

The growing awareness of the benefits of acquiring other people's ideas has given birth to a sizeable technology transfer industry. Consultancies and data bases have sprung up to extract the information buried away in patent filings and in the research and development departments of companies of all sizes. Science parks have been set up near universities to narrow the gap between the academic world and industry. Life is still tough for the lone inventor but even he has a growing range of intermediaries he can approach to help turn his idea into a marketable product.

Inventalink, a London-based consultancy, sees 1,000 inventions a year and agrees to take on, for a fee, between 150 and 200 of them. It actually manages to sell or licence only 5 or 6 per cent of the products it takes on. This figure appears small but is in fact a good "hit rate," maintains Richard Paine, the chairman.

Ideas come in on the back of an envelope, in the form of a diagram or as a prototype. Inventalink reckons it will cost between £4,000 and £5,000 to produce drawings and a prototype and find a company which will back an idea. It charges inventors a combination of an initial fee and a royalty for its services — the higher the fee, the lower the percentage of royalties.

The technology transfer specialists say they provide an invaluable clearing-house for ideas. Their contacts and industrial knowledge allow them both to assess an idea and to find companies which can exploit it. "Inventors need an intermediary to get to large companies," says Paine. "The companies know we will be objective and not emotional."

The path for the individual trying to get a product accepted by a large company is certainly not an easy one. Ian Perrin, a kidney patient who devised and patented a portable sterilisation unit for home dialysis, failed to interest a corporate backer despite his invention's apparent success in reducing infections.

"We tried all the big firms up and down the country. They all said there was a market but either they had no money in their R&D budgets or else it did not fit into their range of products," says Perrin. Two companies have approached Perrin since he won a Toshiba Year of Invention award in February and he remains hopeful his invention will yet go into production.

Ideas that come out of small companies rather than from individuals tend to have a better chance of success because companies are more aware of the commercial requirements for an idea to work.

Archaeus, a 16-month old bio-technology group with a workforce of 10 people and projected 1989 sales of nearly £500,000, has been busily licensing its non-core technologies — enzymes and bugs which can survive in high temperatures — to larger companies around the world.

In order not to lose control of the ideas it has developed, Archaeus insists its licensees make available any information they acquire in commercialising its products and it often takes an equity stake in the companies doing the work.

"It is a bit of a balance," says Peter Anderson, managing director. "If you hold on to all your own ideas you may get very good revenues in the longer term but in the meantime you may have gone bankrupt." Anderson, formerly a general manager with Shell, says the commercial background of his management team allows Archaeus to handle its own licensing negotiations, though it takes expert legal advice in the area of intellectual property rights.

The crude formula for negotiating an agreement is that the greater the potential for exploiting the product the higher the royalties the licensor can demand. "If you have a fully developed product which has passed all the toxicity tests and which has worldwide application you could ask ICI for royalties of 15 per cent," says Anderson.

"But if you have something in your lab and you notice it kills the weeds at home you would be lucky to get 1 per cent. It depends on how far down the track of development you are, how well it fits with the company you are selling to and how exclusive it is."

Negotiating a licensing deal is a tricky business and most growing businesses would probably be best advised to take professional advice. Among the traps to be watched out for are: asking too much or too little for the technology; giving away too much information before the deal has been concluded; trying to take out patents in countries where the technology will never be licenced; and granting exclusive rights in countries *at too early a stage, thereby shutting* out other potential licensees.

A problem for the smaller company is that it will probably be dealing with licensees which have far greater resources to back their arguments if a dispute arises. Archaeus has avoided problems so far but is aware of the potential for conflict. "The crunch will come when a large company decides it can make a bonanza and then it will test us to the limit," says Anderson. "If we have done our homework we will be all right."

Previous articles in this series appeared on March 28 and April 4. The final article will appear next Tuesday.

Hoist with the English language petard

The British consider themselves fortunate that their mother tongue has become the world's second language. They meet few businessmen on their foreign travels who do not speak or understand English. Surely this should be to their advantage when the creation of the single European market removes trade barriers?

Not necessarily, is the conclusion of a new booklet* on how British companies can increase awareness of their products and services by improving their communication with the European press.

"When everyone else's first foreign language is English, guess which of the twelve countries is sure to be on their list for extra export effort when the single market comes!" says Janie Jeffreys, managing director of EIBIS International, which helps companies prepare technical and industrial information for publication.

Not all customers will be *willing to do business in* English in their own country, even if, when in England, they speak the language fluently. In addition, many people with purchasing power may be engineers or civil servants or simply the ordinary people of the country. Their understanding of English may be sketchy or non-existent.

As important as being able to speak to foreign customers in their own language is the preparation of high quality written material, suggests Jeffreys. Fluency and comprehensibility may count more than formal accuracy in conversation but written material must be absolutely correct. It must be grammatically, idiomatically and technically accurate if it is to carry conviction, she adds.

If your literature, advertisement or article gets even one technical term badly wrong in a subject in which you claim to be expert it can destroy your *credibility immediately.*

As important as linguistically accurate advertising and brochures are editorial items sent to the technical and business press. Editors may speak English but sending a foreign editor an English text which he has to translate will reduce the chance of publication. It shows a lack of commitment to his market and is likely to be rejected in favour of translated material.

Publicity must be planned in advance, Jeffreys urges. Do not send in *editorial material* as "new" three months after an extensive advertising campaign and allow for the time it *will take for weekly or* monthly magazines to fit items into their schedules. Sales enquiries from foreign language press stories normally start three months after the issue and peak at around six months. Decide when you want enquiries to start and work backwards, she advises.

**Pressing ahead to 1993. 12 pages. Available from EIBIS International, 3 Johnson's Court, Fleet Street, London EC4A 3EA. Tel 01-353 5151. Free.*

Charles Batchelor

In brief . . .

■ A total of £100,000 in low cost loans is to be made available to small businesses in Nottingham under a scheme *to be operated jointly by* Barclays Bank and the Government's inner cities task force. The funds, which will be provided equally by Barclays Bank and the task force, will be made available to new businesses and small businesses employing fewer than 10 people which are based in Nottingham's task force area. Loans of up to £2,500 will be made at a fixed rate of 7 per cent over 36 months and may be used for working capital or the purchase of fixed assets.

Contact Ioan Fletcher, Barclays Bank, East Midlands Regional Office. Tel 0602 419377.

■ Two *more enterprise* agencies have joined LINC, the Local Investment Networking Company, a national network intended to bring together private investors and small businesses seeking up to £150,000 of equity. Bolton Business Ventures and Glasgow Opportunities bring the number of affiliated agencies to 15. LINC currently has £38m available for investment.

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J.W.R. Jackson (Official Liquidator)
Ashmark Limited
(In Liquidation & In Receivership)
KPMG Stokes Kennedy Crowley,
1 Stokes Place,
St. Stephen's Green,
Dublin 2. Ireland.
Telephone: 735566. Fax: 735800.

KPMG Stokes Kennedy Crowley

Business for Sale

Offers are invited for the business and assets of a group of six companies whose main activities are:

- the design, manufacture and installation of shop and office fittings;
- electrical contracting;
- joinery manufacturing; and
- small building contracts

The group trades from leasehold premises in South East London and Nottingham and has 70 employees. The current annual turnover is estimated at £5 million and there is a substantial order book.

For further information please contact either:

M C Withall F.C.A. or I J Allan C.A. of Grant Thornton, Grant Thornton House, Melton Street, Euston Square London NW1 2EP. Telephone: 01-383 5100. Telex: 28984. Fax: 01-383 4077.

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Luton based

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Crotan Electronics Limited
Hitchin, Hertfordshire

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- Workforce of 15

For further information, please contact the Joint Administrative Receiver: John Ord.

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For further details please contact the Joint Administrative Receivers J M Iredale and N J Vooght at:—

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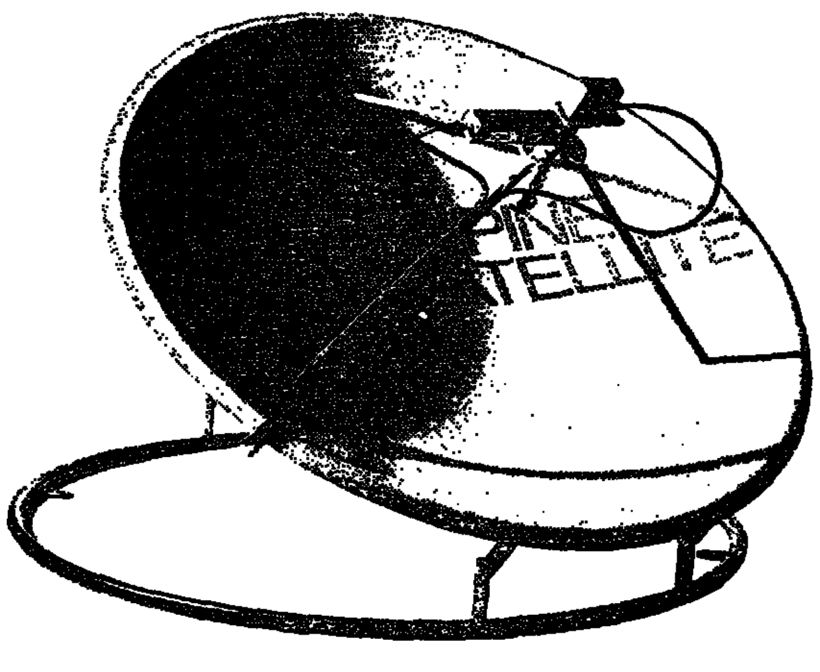
Money for old soap.



A satellite dish – £200.

A satellite dish capable of receiving a signal from Mr Murdoch's Sky Channel costs around £200. Having it installed will cost you a further £70.

If you'd like to watch Sky movies and Disney channel, you'll have to subscribe to them. That's another £12 a month.

Then you'll need a decoder; they could be priced at anything up to £150.

And if you'd like to record one channel while you're watching another, you'll need a

A set top decoder – £150.

second receiver. They're not available yet, but they certainly won't be free.

In October BSB launch their Satellite channels. BSB's package will cost around £250. Again installation is extra.

BSB are planning to run movies free of charge during the day, but throughout the evening the signal will be scrambled. To descramble their signal BSB will charge you £9·99 a month.

And if you want both Sky and BSB you'll also have to spend some time applying to the council for planning permission so you can erect two dishes.

Then there is cable television, which carries a signal directly to your home. Cable will cost approximately £30 to install.

But cable services will not be available quickly. In fact, it is predicted that there will never be a national network, owing to the prohibitive cost of laying cables to the more remote parts of the country.

And hooking up to a local network will mean weeks of inconvenience, while your pavement and garden are dug up in order to lay the necessary wires.

So does microwave television offer a ray of hope for millions of cost-conscious consumers? Hardly.

Microwave channels will require a descrambler unit costing around £200, as well as a separate aerial.

And if you have an old (i.e. 4 channel) TV, but don't wish to give up one of the existing channels in order to obtain a new one, you'll need an up-to-date set. Another £400.

Microwave television is also susceptible to fade. If your aerial isn't in direct line of sight with the transmitter, picture quality can be affected by rain, snow, trees or even buses.

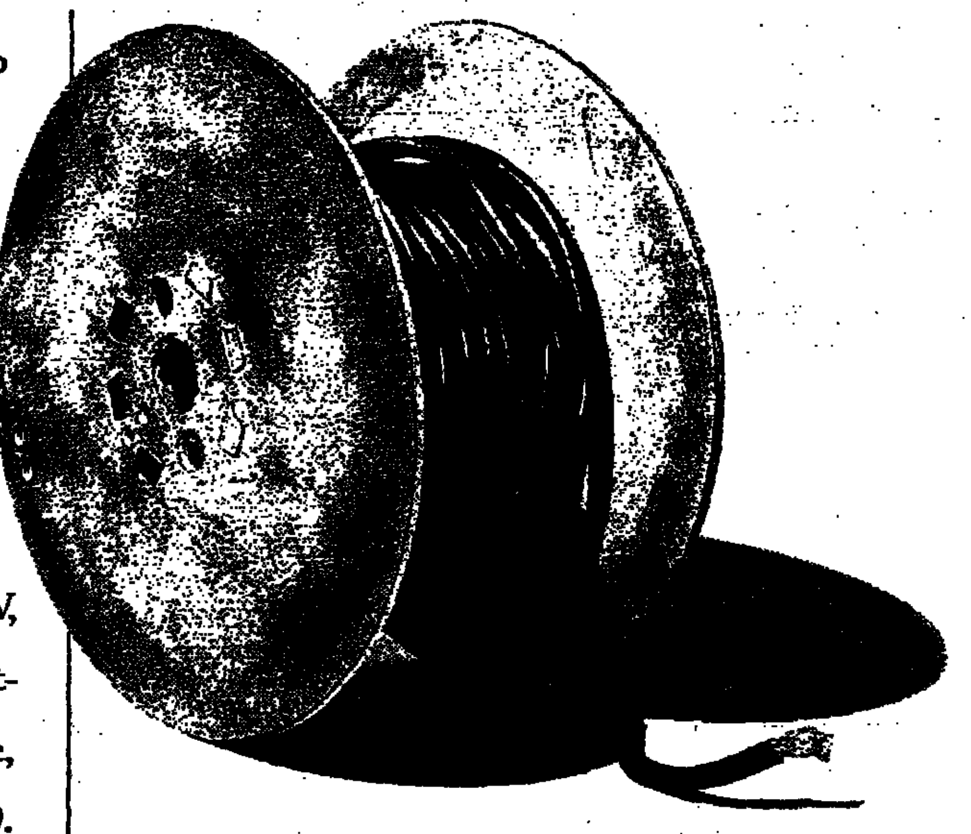
So what sort of programmes can you expect to see, assuming you can afford the necessary hardware?

On average ITV drama costs £400,000 an hour to produce.

By contrast Sky Channel is thought to be allocating £4,000 an hour for its drama. One hundredth of what ITV spends.

Draw your own conclusions.

A new generation TV set – £400.

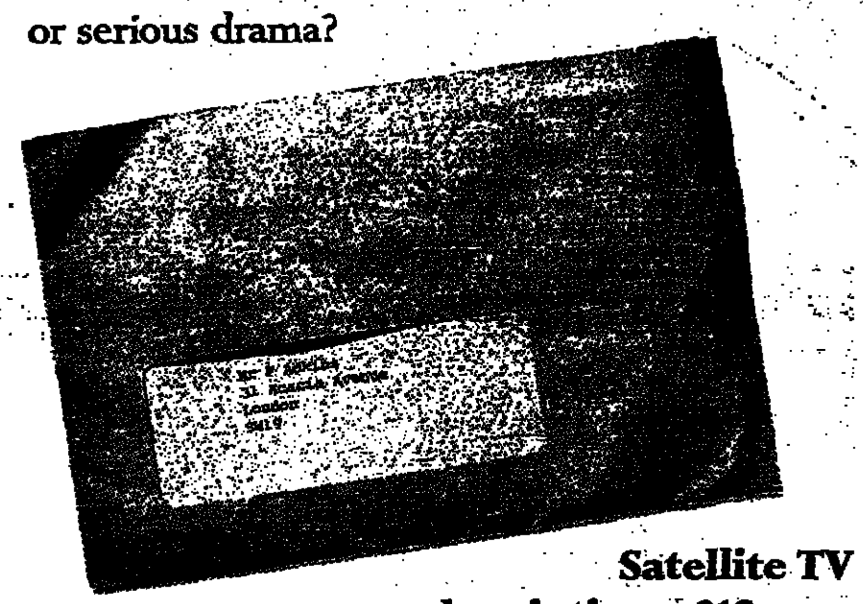


Cable TV installation – £30.

Even when it comes to popular studio-based programmes like game shows and soaps we outspend them.

Sky is said to be spending approximately £5,000 an hour on this kind of programme. ITV currently spends £50,000 an hour on the same type of show.

So what are the chances of Satellite TV treating everyone to in-depth documentaries or serious drama?



Satellite TV subscription – £12 p.m.

Not as good, it seems, as the chance of being treated to 'I Love Lucy' (1956) or 'The Young Doctors' (1976) which have already been scheduled.

Not what you'd expect perhaps from Britain's newest broadcaster.

ITV on the other hand, have been producing an enormous breadth of quality entertainment for thirty-three years, all of it free of charge.

And all achieved without turning Acacia Avenue into a cross between Cheltenham's GCHQ and Jodrell Bank.

The best advice available to viewers is do not adjust your set.

ITV

ARTS

Turned on by religion

William Packer reviews the work of Eric Gill and David Jones

After the recent fuss over the unusual private life of Eric Gill, sculptor, typographer and illustrator, it is no bad thing to look again at something of the work itself. Even better is the chance that allows us at the same time a full view of the work of his most gifted associate, David Jones.

An exhibition of drawings by Gill is on show from today at the Piccadilly Gallery (16 Cork Street W1; until May 26). There are two shows current of Jones's paintings and drawings: the larger, a touring show organised by the South Bank Board, has just opened at the City Art Gallery, Leeds (until May 21; then on to Cambridge and Llandudno); the smaller, though less comprehensive only in that it has nothing of Jones's lettering, is at Austin Desmond Fine Art (Pied Bull Yard, 15a Bloomsbury Square WC1: until May 13).

Gill, the older man, has long been celebrated in this country as much for his eccentricity as for his art, considering trousers, for example, which he never wore, to be an insult to natural masculinity. Art, too, should be free of all such constraints, and so it seems it was in the community he set up and took from Sussex to Wales and then back again to Sussex. But he was also a devout Catholic. By the time of his death in 1940, at the age of 58, he had become a kind of artist-in-ordinary to the Church of Rome in England, its model of religious illustrator, decorator and statuary.

Yet the tensions set up in him between the free life that he held to be nothing less than the artist's right and the disciplines natural to religion were always evident in the work – as much in the taut, hard, rhythmic line of his drawings of the nude and, most especially, the engravings, as in the often openly erotic imagery itself. He admits to having sex on his mind all the time; and now we learn that he was indeed a priapic obsessive in actual practice, with no woman safe in his company. But the quiet tenderness of his portrait drawings of these women, seen in simple profile and tightly, even fussily drawn, speaks of his own reciprocal affection.

But to be obsessed at all, is to be a creature of the obsession, and Gill's tragedy as an artist was that he could never escape the concomitant limitations. His reputation rests on his fine craftsmanship, which we British so often take as evidence in itself of genius. Gill's true originality, for which he will be rightly celebrated long after the dust has settled, lay in his work as a typographical designer, the tightest and most constrained of all the graphic disciplines.

In all of this the contrast with David Jones could hardly be greater, for Jones, the younger man, occasional visitor to Gill's community throughout the 1920s, at Ditchling and then at Capel-y-ffin in the Black Mountains and for several years Gill's prospective son-in-law, was demonstrably the truer artist. He too was a Catholic and, in part, a letterer and illuminator, working throughout his life – he died in 1974 at the age of 79 – to the sacred texts of religion and the equally potent texts of literature and myth. But where Gill in his letter-forms was ever consistent and regular, Jones, with no loss of essential craftsmanship, was always entirely free and idiosyncratic, the letters dancing together stately enough but with the lightest step.

There is sensuality too in Jones's work, in his drawings of women real or imaginary – a girl on the Tube or the Four Queens beside the sleeping Lancelot – but it is a sensuality that is direct and natural in response to the person seen and the image made. Close in his observation and dense in the working of his imagery, Jones may relish a detail – a smile, a lip, a turn of an ankle – but only fully resolved in relation to the whole, never in prurient isolation. It is a response that sublimates the personal in the universal experience of nature and natural forces, at once understanding, sympathetic and enthralled, and is to be noticed as much in the pure landscapes and still lifes, in the swell and rhythm of the hillside or the fall of a leaf, as in any of the poetical inventions.

Yet various as it is, the work is all of a piece, the water-colours of trees in a garden as magically poetical as those Four Queens, or Aphrodite with the soldiers at her pedestal are real and immediate to the imagination. The touch is light, deft, the marks odd, quirky, densely cumulative. There is no-one like Jones surely, in British art, save the odd eccentric like Dadd, perhaps, or Blake.

Blake? Is that not stretching it a bit, for William Blake was a great artist, you know, and a great poet too? Well, Blake was indeed a great man, but *sui generis*, and his graphic oeuvre was *nothing if not hermetic*, at one with the writings yet quite distinct. And here we must remember that David Jones was also a writer and a poet, and a great poet at that *in the eyes of such critics as* Auden and Eliot.

His writings are as dense as his paintings in their imagery, references and associations, and deal with the same mythic, magical and universal experience, drawing together the common cultural matter of history, legend, the secular and the religious. Drawn upon his experiences as a private soldier on the Western Front, *In Parenthesis* brings together in epic form the experience of the common soldier in every age, friend and enemy alike, Roman legionnaire, Arthurian *knight, Tommy and Boche. No reading* in modern literature is complete without it, and William Blake stands in good company.

"Hill Pasture, Capel-y-ffin," 1926, by David Jones, shown in the South Bank touring exhibition

BOOK REVIEW

Martin Cooper. Judgements of value: selected writings on music. Edited by *Dominic* Cooper. Foreword by Sir Isaiah Berlin. 339 pages. Oxford University Press, £25.00.

"Frozen Messiaen!" said Martin Cooper to a colleague returning like him by air from Barcelona. He was pointing downwards to Gaudi's spectacular church of the Holy Family.

The remark was typical of Cooper's wit and of his broad field of reference. The distinguished music critic of *The Daily Telegraph* wore his learning with misleading lightness and expressed it with lapidary succinctness. The essays and articles gathered in this book by his son Dominic Cooper include many from the weekly "World of Music" column in the days when the *Telegraph* gave more space to music, also a number of radio talks.

In length they range from short, pithy broadcasts to a sizeable essay on Schumann's songs from Gerald Abraham's Schumann Symposium of 1952. In subject they range beyond musical topics to philosophers, poets and religious thinkers of various nationalities – he was an *accomplished linguist* and (as examples show) a sensitive translator.

Cooper used space limitations to sharpen his perceptions and polish a natural gift for formulation. One result is that the pinpricks at fashionable opinion which he placed so skilfully are the more effective. No-one caring about the subjects could read his brilliant summing up of Meyerbeer or his cool look at *Les Troyens* without feeling that their own ideas had been sorted out and brushed up.

Good manners and a kindly heart encouraged Cooper to temper his reactions at both extremes. I suspect, for instance, that he disliked much English music (at least from Parry up to recent times) a good deal more than he admitted in print; no doubt he felt, rightly, that reticence could achieve more than petulance.

He was not always so reticent in conversation – Sir Isaiah Berlin, in a memorial tribute, refers to "the unique charm and animation" of Cooper's talk. *I remember an unexpectedly* fierce reaction to Poulenc's *Carmelites* (which on that evening at least had clearly rubbed him up the wrong way) ending with a muttered "And I bet he identified with Soeur Blanche" – the novice whose gradual conquest of physical terror is one of the opera's principal themes. I also recall with pleasure his uninhibited delight, lit with a warmth he might not have allowed on paper, over the rediscovery of Fauré's neglected *Fantaisie* for piano and orchestra.

There is nothing here from the admirable and often quoted *French Music from the death of Berlioz to the death of Fauré*. French and Russian music may have been special loves, but as his *Beethoven: the last decade* shows, an independent mind and wide culture made him a refreshing commentator on the classical Austro-German repertory. He studied with Egon Wellesz in Vienna and was enriched by exposure to "the great fund of encyclopaedic knowledge and first-hand experience of cultural history" thereby revealed to him.

Cooper's wise opinions and their trenchant and elegant expression eminently deserve saving from the usual ephemeral fate of arts journalism.

Ronald Crichton

Alastair Muir

Ann Crumb and Michael Ball in "Aspects of Love" which opened last night at the Prince of Wales Theatre. It will be reviewed in tomorrow's paper

Martland's Terra firma

ALMEIDA THEATRE

By any other name "mouth opera" would be music theatre: the amorphous region where dance and dramatic gesture can meet extended vocal techniques and recreate much of the music conceived for voices from the last 20 years. Innererklang's Almeida programme on Sunday demonstrated the different ways in which "mouth opera" companies can acquire a repertory.

Two of the works had been annexed from the concert hall, and both Berio's *A-Ronne* and Trevor Wishart's *Anticredos* are mouth operas in the truest sense of word – vivid, self-sufficient inventions that convey abstract scenarios through words and sound alone, without the need for extraneous theatricality.

For the Berio Innererklang had devised a staging which took off quite naturally from the dramatic implications of the score: a series of confrontations and liaisons, carefully observed yet ultimately purely cosmetic, which revealed nothing about the work nor intensified its impact in any way. And the exuberant exploration of a neo-natal soundworld in *Anticredos* gains nothing either from dressing its singers in monks' habits and adding a supernumerary to sprawl and crawl around the stage while the work unfolds; the impact of Wishart's vocal writing, tremendously virtuosic in its own raw way, is if anything diminished, and the result is no more valid than, say, the stagings of *Messiah* or the *St. Matthew Passion* that surface from time to time, particularly in West Germany.

Steve Martland's *Terra firma* is described as a video theatre work, but in the circumstances it was difficult to determine where Martland's conception ended and Innererklang had taken over. It is Martland's most recent work (first performed last month at the Tate *Gallery*), and seems *to follow* on from the video documentary he made for BBC 2 and screened last December. But where that piece, a vitriolic tirade against Thatcherism in all its manifestations, was able to call upon a wide range of video and editing techniques, the images in *Terra firma* projected behind the singers are necessarily controlled with far less sophistication.

The subject is the environment and man's degradation of it; the visual element is fairly predictable – images of space probes cross-cut with shots of vivisection and the butchery of whaling – and at first impression the music, setting four texts written by the composer himself seems similarly straightforward: Martland in his propagandist pieces pares down his style and celebrates tonality. But the settings are subtly telling, full of touches of surprise and of poetry; combined with stronger images, or rather with a more effective means of presenting them, and shorn of Innererklang's gesturing – why the white boiler suits, and why the song-and-dance routines? – *Terra firma* could be gently effective. And without trying so hard to justify its existence as a music-theatre group Innererklang's obvious and considerable talents could also be presented far more *tellingly*.

Andrew Clements

European Community Youth Orchestra

BARBICAN HALL

The European Community Youth Orchestra with conductor Zubin Mehta and sitar soloist Ravi Shankar is currently engaged on a tour of Europe and India which is designed as a centenary tribute to Jawaharlal Nehru. Its third date was at the Barbican Hall on Sunday where it performed three works – Wagner's *Rienzi* overture, Shankar's Concerto No. 2 for sitar and orchestra, entitled *Raga Mala*, and Mahler's first symphony.

It was the overture which was the most musically satisfying item: the ebullient, large orchestra perfectly captured its pomp and golden splendour, and the exceptionally well-drilled violins gave to the great stately melody of "Rienzi's Prayer" a fabulous sheen of sound. Mehta's flamboyant style did not seem altogether unsuited to the music's grand rhetoric, and for sheer sonorous power his account was faultless.

It was hard, though, not to feel in the Mahler symphony that the orchestra had been altogether too well-drilled. There was hard energy in the performance, but little sense of overflowing youthful vitality. The musical spontaneity of the players seemed to have been drained out of them, and a mechanical efficiency instilled in its place. Mehta's conducting was all the throwing of switches and wielding of gear-sticks, and the result was a garish precision and a conspicuous lack of inward feeling. A terrible sacrifice had been made to the conductor's cult of himself.

Of the Shankar concerto (1980) we got only the first and last of its four movements, but these were perhaps enough. With the help of an assistant able to translate from essentially unnotated Indian musical idioms to Western notated ones Shankar devised an orchestral score which is full of vivid, rhythmically dazzling but essentially naive gestures and provides him with a lively background for his own improvisations. The effect is one of bizarre eclecticism and a certain hypnotic fascination. The more ethnic, rhythmically elaborate sections must have stretched the young musicians a good deal, but they played throughout with a fierce accuracy.

Paul Driver

Low Level Panic

Low Level Panic is on at the Lyric Studio, Hammersmith, *not Zurich Studio as in yesterday's paper*

ARTS GUIDE

April 14-20

OPERA AND BALLET

London

Royal Opera, Covent Garden. *La clemenza di Tito*, one of the Royal Opera's most admired Mozart productions of the postwar period, returns with its original conductor, Colin Davis. Stuart Burrows takes the title role, and the cast also includes Carol Vaness, Anne Sofie von Otter and Anne Mason. José Carreras returns to London for the first time since his serious illness to give a Celebrity Recital.
English National Opera, Coliseum. *Eugene Onegin*, an opera not previously given by the ENO at this theatre, is produced by Graham Vick and conducted by Mark Elder, with Jonathan Summers in the title role and Marie McLaughlin as Tatyana. More performances of Jonathan Miller's dark, handsome staging of *Don Giovanni*, with Steven Page in the title role; and of the first-ever Coliseum *Falstaff*, produced by David Pountney and conducted by Mark Elder or Lionel Friend.

Paris

Opéra. Tchaikovsky's *Sleeping Beauty* comes back to the Palais-Garnier in Rudolf Nureyev's choreography inspired by Petipa in Nicholas Georgiadis decor. (47425750).

Milan

Teatro alla Scala. Last performance of Giorgio Strehler's production of *Don Giovanni*, conducted by Riccardo Muti, with gloomy but impressive sets by Ezio Frigerio and costumes by Franca Squarciapino. Ferruccio Furlanetto sings the title role for the first time at La Scala. (80.91.26).

Turin

Teatro Regio. Alberto Fassani's full-length production of Massenet's *Manon*, designed by Pier Luigi Samaritani. Fiamma Izzo d'Amico sings the title role, with *Mario Bolognese (alternating* with Mauro Buffoli), conducted by Reynald Giovaninetti (Tues) (548.000).

Venice

Teatro La Fenice. Emil Tchakarov conducting Purcell's *Dido and Aeneas* (arranged by Benjamin Britten), and Stravinsky's *Oedipus Rex*, with Lucia Valentini Terrani, Alessandra Ruffini, William Pell and Michele Pertusi (Thurs) (5210161)

Amsterdam

Muziektheater. Tanztheater Bochum in Callas, choreographed by Reinhild Hoffmann (Tue (premiere) and Wed). Premiere of the Netherlands Opera double bill of Ravel's *L'Heure Espagnole* and Falla's *El Retablo de Maese Pedro* directed by Helmut Polixa. (Thur) (255 455).

Utrecht

Vredenburg. *Ottone* performed by the Anne Teresa de Keersmaeker company (Mon). Gounod's *Faust* from the Utrecht Opera Choir with the Amsterdam Accompaniment Orchestra, with Ingrid Cappelle as Marguerite and Martin Smeding as Faust (Wed).

Vienna

Staatsoper. *Eugen Onegin* is conducted by Mark Ermler, with a cast including Gertrude Jahn, Rohangiz Yachmi and Heinz Zednik. *Der Rosenkavalier*, conducted by Peter Schneider, is sung by Lucia Popp, Trudelise Schmidt, Patricia Wise and Peter Wimberger. The cast of *Die Zauberflöte*, conducted by Nicholas Harnoncourt, includes Luciano Serra, Joanna Borowska, Gabriele Sima and Heinz Zednik. *La Forza del Destino*, conducted by Garcia Navaarro, features Eva Marton, Waltraud Winsauer and Juan Pons. Ballet: *Ein Sommernachtstraum* is conducted by Caspar Richter (51444, ext. 2660).
Volksoper. The week's performances include *Die Zauberflöte, Ein Walzertraum, Die Zirkusprinzessin, Die lustige Witwe, Die Fledermaus, Der Freischutz* and *Der Barbier von Sevilla* (51444, ext. 2662).

Brussels

Théâtre Royal de la Monnaie. *Fidelio* is produced by Adolf Dresen with the orchestra and chorus of the Monnaie conducted by Hans Zender. Janis Martin is Leonore, Josef Protschka Florestan and Roland Hermann Don Fernando (Tues).
Cirque Royal. The Monnaie Dance Group Mark Morris, choreography by Mark Morris in *Mythologies, Soap-Powders and Detergents, Striptease and Championship Wrestling*. Ingo Metzmacher conducts the Monnaie symphony orchestra (Tues, Wed, Thurs).

Hamburg

Staatsoper. Harry Kupfer's wholly delightful production of *Belsazar* with Helen Donath, Walter Raffeiner, Harald Stamm and Carmen Anhorn. *Die verkaufte Braut* is a well done repertoire performance. *Cav and Pag* stars Julia Varady, Giorgio Lamberti, Piero Cappuccilli, Wladimir Atlantow, Natalia Troitskaya and Louis Quilico.

Cologne

Opera. Cologne honours the great producer Jean-Pierre Ponnelle, who died last year, by restaging the complete Mozart cycle of seven operas, all produced by him. This week's performance includes *Die Entführung aus dem Serail* with a strong cast led by Mariella Devia. *Faust*, sung in French, features Ulrich Hielscher and Fernando de la Mora in the title role. *La Traviata* is sung by Maria Spagcagna and Fernando de la Mora.

Frankfurt

Opera. *Artifact* has wonderful William Forsythe choreography. There was much applause for the opera debut of the Lievi brother's *La Clemenza di Tito*. Also offered Dido and Aeneas.

Bonn

Opera. *Tannhäuser* is sung by Richard Versalle, Alfred Muff, Wolfgang Brendel, Nadine Denize, Sabine Hass and Christer Bladin. The ballets *Rhapsodie/Theseus* and *Ariadne* are both choreographed by Youri Vamos.

Munich

Staatsoper. *Aida*, conducted by Guiseppe Patane is respectable with Anna Tomowa-Sintow, Lando Bartolini, Bruna Baglioni and Guido Goetzen. *Salome* in *August Everding's production* has a first-rate cast led by Brigitte Fassbaender, Sabine Hass, Walter Raffeiner and Claes H. Ahnsjoe. *Le Nozze di Figaro* is well sung by Edith Mathis, Cor*nelia Wulkopf*, Pamela Coburn, Wolfgang Brendel and Alfred Kuhn.

New York

Metropolitan Opera. Benjamin Britten's *Billy Budd* continues with Thomas Allen in the title role, James King as Captain Vere and Jan-Hendrik Rootering as Claggart, conducted by Thomas Fulton. Sumi sings Gilda and Leo Nucci continues in the title role of *Rigoletto*, conducted by Nello Santi in the last seasonal performances. Lincoln Center Opera House (362 6000).

Tokyo

Classic Ballet of Spain with Maya Plisetskaya. *Paquita, Carmen Suite, Diana and Actaeon, Maria Stuart*. Showa Women's University Hitomi Memorial Hall, near Sangenjaya (Thurs) (265 6361).
Matsuyama Ballet. Swan Lake. Kan'i Hoken Hall, Gotanda (Wed, Thurs) (460 6640)

SALEROOM

Australia in the picture

The saleroom spotlight switched to Australia yesterday where Sotheby's in Melbourne achieved a record price of £828,235 for an Australian painting. It was paid for "*The Bath of Diana*, Van Dieman's Land," an imaginatively classical title given by the artist John Glover for a landscape of a pool in a green hollow *which is being* used as a bathing place by some Aboriginals. It was painted in 1837.

There should be no surprise that Australian art is fetching such prices, given the number of millionaires in the country, one of whom, Mr Alan Bond, paid the record sum for a work of art at auction, £30m for Van Gogh's "Irises," in New York in 1987.

Another record price, for Australian furniture, was the £274,553 which secured the Strathallen cabinet, *a collectors* cabinet made around 1820 of mahogany and Australian rosewood, decorated on the outside with painted panels of animals, *fish, etc, and stuffed* inside with jars containing Australian wild life – butterflies, beetles, birds, animals (some of which are doubly extinct).

There was also excitement yesterday in Amsterdam where Sotheby's hosted its first auction of Bakelite and other plastic 20th century artifacts. This has become a collectors' market with enthusiasts prepared to pay £1,273 for a Sonora radio, made in Bakelite in France in a Cadillac styling in 1946, and £734 for a British Bush TV *set of 1949. So hold on* to those antiquated consumer durables.

Christie's had a successful day in London selling Chinese export porcelain, which seems to be enjoying a revival, for £548,152 with 11 per cent bought in. The top price was the £59,400, (at the top of its estimate) paid for a pair of large famille rose export goose shaped tureens and covers, made in the 18th century in the Qianlong period. A famille rose dinner service with 66 pieces decorated with peonies and other flowers realised £33,000.

The 150th anniversary of the invention of photography is *proving a happy anniversary* for the salerooms. On Friday Sotheby's achieved a record for any photographic item when it sold an album of photographic *prints of 1839 and 1840*, collected by the Reverend Calvert Jones, for £231,000, to the New York dealer Kraus, Junior. It contains examples of work by two of the founders of the art, Hippolyte Bayard and Fox Talbot.

Antony Thorncroft

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Tuesday April 18 1989

An emu for the EC

MR JACQUES DELORS'S committee on economic and monetary union in the EC has thrown the gauntlet down decisively before the Community's political leaders. The thrust of the report is surprisingly clear and the political goals behind it are the right ones. It asserts the desirability of economic and monetary union, spells out the implications and preconditions, and develops sensible proposals for moving towards the ultimate objective in stages. Nevertheless, it is necessary to raise questions.

In the first place, how well does it justify the goal of monetary union? Unfortunately, its main feature is assertion. Thus, one reads that "the creation of a single currency area would add to the potential benefits of an enlarged economic area because it would remove intra-Community exchange rate uncertainties and reduce transaction costs, eliminate exchange rate variability and reduce the susceptibility of the Community to external shocks."

These are benefits, indeed, but they are unlikely to be very large. There is little evidence that monetary sovereignty is an overwhelming obstacle to economic performance, even for small countries. The more honest case is that emu would help to achieve monetary stability in inflation-prone countries and be an important step towards the wider goal of political and economic integration of the EC.

In the second place, are the implications of economic and monetary union correctly understood? That emu implies loss of monetary sovereignty is self-evident, but the report argues for tight constraints on fiscal policy as well. Here it is unconvincing. The assumption that a Community-wide fiscal policy stance would be necessary exaggerates the need for an active fiscal policy. It is also not evident that limitations need to be placed on government borrowing in non-Community currencies. What is needed, instead, is to make clear that no national government enjoys the financial backing of the others.

Good in parts

Regional policy is another issue on which the report is good only in parts. It rightly emphasises that "wage flexibility and labour mobility are necessary to eliminate differences in competitiveness in different regions". But it also asserts, somewhat simplistically, that "historical experience suggests . . . that in the absence of countervailing policies, the overall impact on peripheral regions could be negative." Fortunately, however, the key policy recommendation — somewhat greater expenditure on regional infrastructure and education — is unlikely to do much harm.

Universal membership

But it is on what should be done next that attention will focus. The first stage is not in itself daunting — the most important monetary action being the obvious one: universal membership of the exchange rate mechanism of the European Monetary System.

This recommendation would presumably be swallowed by everyone, even by the British Government, which has frequently committed itself to full membership of the EMS "when the time is ripe." But the report also asserts that "the decision to enter upon the first stage should be a decision to embark on the entire process" and that at the end of the first stage the Treaty should have been amended to allow the establishment of a new European monetary institution. This approach is not self-evidently necessary and it may be unwise. If one wishes to coax an acrophobic across a rope bridge, one does not tell her that once she has taken the first step she will then have to take hundreds more.

Given the instinctive opposition of the British Government to grand schemes in this area, it may be too much to hope for a constructive response from London. The UK would then be doomed to pant along in the rear, as so often in the past.

Yet the incentive to join the EMS, if only to influence its development, must now be increased by the fear of what the others are likely to do without it. Moreover, it is the UK, not West Germany or even France, that most needs monetary union. The monetary *débâcle* of recent years demonstrates once more that it is only through enthusiastic participation in European monetary arrangements that the UK will obtain monetary stability. Mrs Thatcher should pick up the European monetary gauntlet, at last.

The West's role in Kampuchea

A NUMBER of seemingly intractable regional conflicts have unravelled so quickly in the last year or so that western countries have been caught on the hop. They have reassessed their foreign policy interests all too slowly and perhaps placed too much reliance on the ability of the United Nations to negotiate smooth transitions to peace, once external intruders withdraw.

There has recently been progress in another conflict. The Vietnamese occupation in Kampuchea appears close to an end, to the relief of most people other than the Kampucheans themselves; they fear the return of the murderous Khmer Rouge regime of Pol Pot which led to the invasion in the first place. World leaders from every continent have repeatedly combined their demands for a Vietnamese withdrawal with an insistence that Pol Pot should not be permitted to return. They have never specified how he is to be kept out.

Kampuchea has had a short and painful history since independence from the French in 1954. The country was badly caught up in the Vietnam war when the US decided to expand its bombing raids to neighbouring countries. An increasingly feeble administration under Lon Nol was easily toppled by Pol Pot's Khmer Rouge in 1975, which then exterminated up to a quarter of the country's 8m people in four years of relentless terror until the Vietnamese marched in on Christmas Day 1978.

Tussle by proxy

The conflict then became a tussle by proxy between the two communist superpowers, the Soviet Union backing and funding the Vietnamese occupation, and the Chinese supporting and supplying arms to the Khmer Rouge, one of the three Kampuchean resistance factions.

President Mikhail Gorbachev has long indicated that he is tired of the diplomatic opprobrium and financial drain which result from support of regional conflicts. Having extricated his army from Afghanistan in February he put pressure on Vietnam to speed up its withdrawal from Kampuchea, both to save the stretched Kremlin coffers and to remove a major impediment to a crucial Soviet foreign policy goal — *rapprochement* with China. When the Vietnamese were forced to agree to bring forward the exit timetable, the Chinese accepted the Soviets' good intentions and agreed to the first Sino-Soviet Summit for 30 years, which will be held in Peking next month. The Vietnamese now promise to be out by the end of September.

No agreement

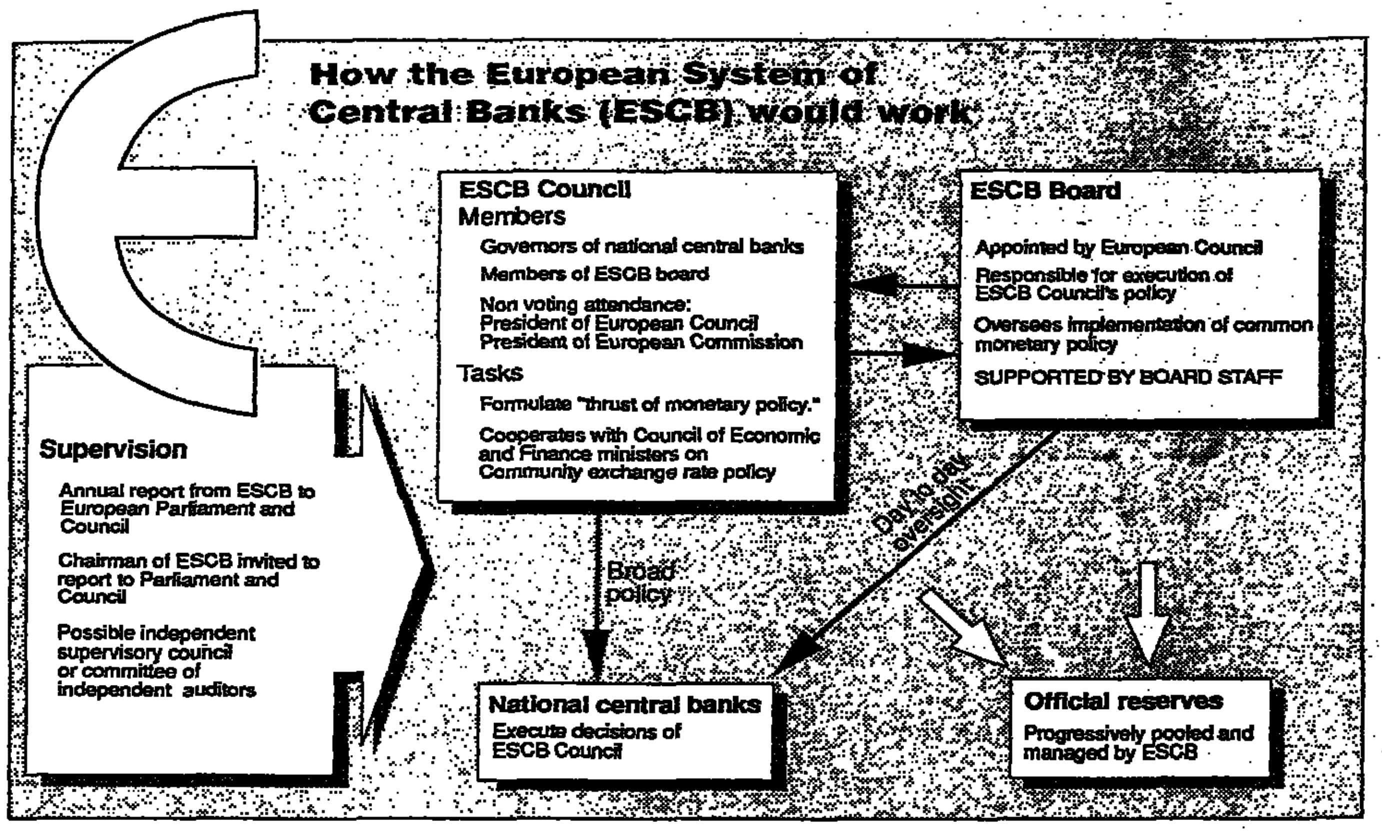
The problem for the Kampucheans is that there is no agreement on the political structure which is to follow. The Vietnamese-backed regime of Hun Sen has gained some international respectability over time; the three resistance parties disagree about most things except that Prince Norodom Sihanouk, the mercurial former Head of State, should be their leader.

There has been remarkable diplomatic progress — enough to suggest that some form of compromise may now be possible between Prince Sihanouk and Hun Sen. But the central conundrum remains: preventing Pol Pot and his loyal force of perhaps just 40,000 men (already in control of substantial vacated rural areas) from forcing their way back to power in Phnom Penh.

The ASEAN states, particularly Thailand and Indonesia, have played a valuable role in painstakingly brokering the negotiations towards ending conflict in battered Indo-China. But they now need help to secure a stable peace. There is a need for a firm, unified policy from, say, Japan, the US and the EC, making plain that a Khmer Rouge regime might find access to international finance and investment impossible; this should be coupled with a clear commitment not to interfere again from the Sino-Soviet Summit. The West must not wait too long before co-ordinating a foreign policy response.

Peter Norman examines the proposed steps to European monetary union

Mr Delors offers a leap in the dark



Central bankers are normally a conservative lot. Thus last week's unanimous agreement by the central bank-dominated Delors Committee to a three stage route towards economic and monetary union in the European Community appears at first sight surprising.

The 38 page report of the Delors Committee, published yesterday, is unambiguous: economic and monetary union is a goal at which the EC should aim, it says. In this respect, the report of the 17-strong group provides a clear platform for political action.

And for political criticism: Mr Nigel Lawson, Britain's Chancellor of the Exchequer, wasted no time in describing it as totally unacceptable, because of the transfer of sovereignty implied. Other finance ministers were more circumspect — but the report's implications for national sovereignty are likely to cause qualms in many of the EC's 12 capitals.

None the less, the report is an impressive document on first reading, particularly that part of it which sets out the steps required to achieve economic and monetary union. It requires a conscious effort on the part of the reader to realise that it is not, and cannot be, a precise blueprint for change.

It contains no timetable for action. Skilful drafting has obscured widely divergent attitudes. Difficult decisions, which mainly concern greater integration of non-monetary policies, will be left to a shifting population of politicians with very different views in 12 nation states over what could be a very long period of time.

These qualifications, however, are unlikely to hinder political pressure for early action on the report. Mr Felipe Gonzalez, the Spanish Prime Minister, says Spain will seek a "fundamental political debate" on monetary union at the Madrid summit of EC leaders at the end of June.

The report has had to reconcile two broad differences of opinion in the committee. On the one hand, a group of pragmatists, headed by the representatives of West Germany, Britain and Luxembourg, argued that economic and monetary union should be an evolutionary process, based on the existing achievements of the European Monetary System. For them, the creation of a common currency and what is now to be called a European System of Central Banks would come at the end of a lengthy process of economic integration.

The other more enthusiastic group, headed by France, Italy and Spain, wanted more rapid progress towards monetary union, with an early commitment to institutional change.

The three stage process agreed in the Delors report marks a victory of sorts for the pragmatists. It would leave institutional developments out of the first phase of the move to union. This would be devoted to achieving a greater convergence of economic performance through stronger economic and monetary policy co-ordination within existing institutions. The first stage would see all members of the EC becoming full members of the EMS, for example.

The ESCB would start coming to life in the second stage, which would require changes to the EC treaties, and hence the unanimous support of all EC member states. This would be a period of transition: decision making would gradually shift from the national to the community level.

In stage two, macroeconomic policy guidelines, including precise but not yet binding rules relating to the size of annual budget deficits in the member states, would be adopted by a majority decision of the Council of Ministers. The ESCB would be independent of national governments and other community institutions. It would absorb the EC's existing co-operative monetary arrangements and start the transition from co-ordinated national monetary policies to a common monetary policy. During this phase, the margins of fluctuation in the EMS exchange rate mechanism would be narrowed, in preparation for moving to zero in the final stage, economic and monetary union.

The final stage would start with an irrevocable move to lock exchange rates. Rules governing co-ordination in the macroeconomic and budgetary spheres of policy would become binding. The Council of Ministers, in cooperation with the European Parliament, would be empowered among other things to interfere with national budgets.

The ESCB would take over responsibility for formulating and implementing monetary policy in the Community. It would decide intervention in third currencies and would manage the Community's pooled reserves.

However, an awful lot of problems have to be surmounted before this brave new world is reached. In a carefully nuanced way, to cover the divergent opinions among the members of the Delors Group, the report makes clear that there is a pressing need for more economic integration in the EC before union can get very far.

Even before contemplating union, the report points out that the creation of the single European market by 1992 will entail "profound structural changes in the economies of the member countries." The single market will necessitate "a more effective co-ordination of policy between separate national authorities". Moreover "greater convergence of economic performance is needed," to avoid potential dangers inherent in the 1992 programme.

Looking further ahead, the committee is concerned that regional and sectoral imbalances in the EC could be aggravated unless there are common policies to create a more balanced economic structure in the EC. Unless such problems were addressed the viability of economic and monetary union could be threatened.

In the non-monetary sphere, the committee argues that the single market programme would have to be supplemented by action in three areas:

- Competition policy would have to be adapted to strengthen market mechanisms.
- Enhanced regional and structural policies would be required.
- Co-ordination of macroeconomic policy would be needed to limit economic divergences between member countries.

Without such countervailing policies, says the report, historical experience suggests that economic and monetary union could have a negative impact on peripheral areas of the EC. Transport costs and economies of scale would favour a shift of economic activity to the highly developed areas at the centre of the community.

The demand for successful macroeconomic co-ordination runs throughout the report. "In particular, unco-ordinated and divergent national budgetary policies would undermine monetary stability and generate imbalances in the real and financial sectors of the community," the report says.

The eventual locking of exchange rates would remove at a stroke the possibility of correcting economic imbalances in the EC through exchange rate adjustment. The creation of a common currency, which would follow soon after the locking of exchange rates, would bring additional problems. The disappearance of exchange rates and national current account balance of payments statistics would deprive policy makers of important indicators of what might be going wrong at national level.

There are likely to be few quarrels with the aims that the committee sets out for economic and monetary union. It should be geared to price stability, balanced growth, converging standards of living, high employment and external equilibrium.

Achieving and maintaining this will be a problem. The committee recognises that even after attaining economic and monetary union, the EC would continue to consist of individual nations with differing economic, social, cultural and political characteristics.

This "plurality" would require a degree of autonomy in decision making to remain with individual member countries and a balance to be struck between national and community competences. "It would not be possible simply to follow the example of existing federal states; it would be necessary to develop an innovative and unique approach," the committee's report says.

The committee proposes that the Community would only exercise power where collective decision making is necessary. Policy functions which could be carried out at national or regional levels without hurting the functioning of the economic and monetary union would remain within the competence of member governments.

An even greater problem would be the transfers of sovereignty that member states would have to make to implement the Delors report. As Mr Lawson's comments indicate, this is an immediate issue of contention for Mrs Margaret Thatcher's Government.

Close cooperation in running the European Monetary System have turned Europe's central bankers into a closely knit bunch who are often more accustomed to working together than with their respective national governments. This undoubtedly helped the Delors committee overcome differences and reach agreement on the text.

The growing integration of financial markets has taught central bankers, more than most officials, to recognise that national sovereignty has its limits, particularly in the realm of monetary policy. The avoidance of any detailed timetable for the moves towards economic and monetary union enabled the bankers to make progress in a technocratic manner.

They were helped by the fact that — despite vocal opposition from Mrs Thatcher — there was a political head of steam behind moves towards greater European integration when the Delors committee was established by the June 1988 Hanover Summit to explore "concrete steps" towards economic and monetary union.

The coming months will establish whether the political will to start the process towards economic and monetary union still exists. Much will depend on the attitude of the Mr Helmut Kohl, the West German Chancellor, and of the French government which takes over the six month presidency of the European Community at the end of June.

Close reading of the Delors committee report makes clear that there are daunting problems before economic and monetary union can be achieved in Europe. But it also paints a tantalising picture of how such a union could look.

Last week in Bonn, Mr Kohl restated his vision of a European central bank and a single currency at the end of the process towards unification of the 12 EC member countries. And France — one of the countries seeking rapid institutional moves towards union — celebrates the bicentenary of its Revolution later this year. It could well use the occasion to launch an initiative that would start the process, mapped out by the Delors committee, towards economic and monetary union in the European Community.

Correction. An article on this page yesterday suggested, incorrectly, that the Democrats, led by Mr Paddy Asdown, were contesting "only a small proportion of seats" at the May local elections. The reference was intended to apply to the SDP, led by Dr David Owen.

OBSERVER

Chef's stock may float

■ Paul Bocuse, France's best known three star chef, is contemplating a move from making stock to floating stock. He is being encouraged to go public on the bourse by Louis Thannberger, one of the artisans of the second market of Lyons.

The flamboyant and extrovert Bocuse has yet to make up his mind on what would be the first venture of haute cuisine onto the market; but Thannberger says the flotation is bound to be an international hit. "Lyons is famous for three things: the Pope's visit; the trial of Klaus Barbie, the Nazi war criminal; and Paul Bocuse," remarks Thannberger, who has been responsible for half of all the flotations on the Lyons second market since the local unlisted securities market was launched a few years ago.

Apart from his famous restaurant at Collonges au Mont d'Or in the suburbs of Lyons, the gastronomic capital of France, Bocuse now heads a gourmet empire marketing his name on a wide range of products and services around the world. His name has become synonymous with good food, although an increasing number of critics sourly claim his international business pursuits are beginning to undermine the quality of his cuisine.

Yet even the fiercest critics dare not gainsay his key role in promoting the French *art de vivre* abroad. More than anyone else Bocuse is credited with reviving the image of French haute cuisine. The flotation idea, however, is as much motivated by moves to revive the Lyons second market as his own self-promotion. Lyons, after a spectacular first two years, suffered badly from the October 1987 crash and is only now just beginning to recover its spirits.

Thannberger, nicknamed "the guru of the Lyons bourse", is convinced nothing could be better than a Bocuse flotation for the local market. He feels punters could easily put their pockets where their stomachs have been digesting such specialities as *soupe aux truffes noires VGE* (a dish specially conceived for Giscard when he was President) or *loup de ligne en croute a la mousse de homard*.

Weight watch

■ Less than two months after having handed over the Venezuelan Presidency, Jaime Lusinchi has become the butt of much unkind comment. No sooner had he stepped down than he took himself off to an expensive Florida health spa. From this safe distance, while shedding some unneeded pounds, he observed the serious riots that shook Venezuela six weeks ago.

The ex-President has just returned to Caracas to be greeted by an array of jibes. The most savage doing the rounds is that he could have saved a lot of money if he had stayed at home: "He would have been forced to lose weight since all our markets ran out of food."

Market match

■ What is good for Drexel Burnham Lambert is also good for Wall Street. That seems to be the reaction to the appointment of 65 year-old John Shad as chairman of the beleaguered securities firm.

After all, so the analysts are arguing, Drexel's deeds could not have been that bad if the former chairman of the Securities and Exchange Commission - and one with a reputation for a hard-line approach to securities fraudsters - is prepared to jump on board.

Shad makes no secret of the way he was encouraged to take the job by practically every key figure in the regulatory world. The SEC itself endorsed his career move into the firm which has become such an integral part of US corporate finance. Gary Lynch, director of the Enforcement Division of the SEC, sees the appointment as part of the clean-up and rehabilitation process. "His

"I'm marking these papers as not really existing".

appointment is good for us. To have someone at the top in whom we have a lot of faith is positive. If he is at the helm, the problems of the past are unlikely to recur in the future."

The fascinating point now is whether Shad can protect Drexel from any further sanctions. There has been talk of possible actions against Frederick Joseph, Drexel's chief executive officer, who has come out untouched from the settlement and the indictment of junk-bond king Michael Milken. But Shad has been enthusiastic in his praise for Joseph who was once his protege. He gave him a job at E.F. Hutton on leaving Harvard Business School in 1963, and it would seem highly unlikely that the SEC would put its former chairman's reputation on the line by taking action against Drexel's key executive.

Crime critics

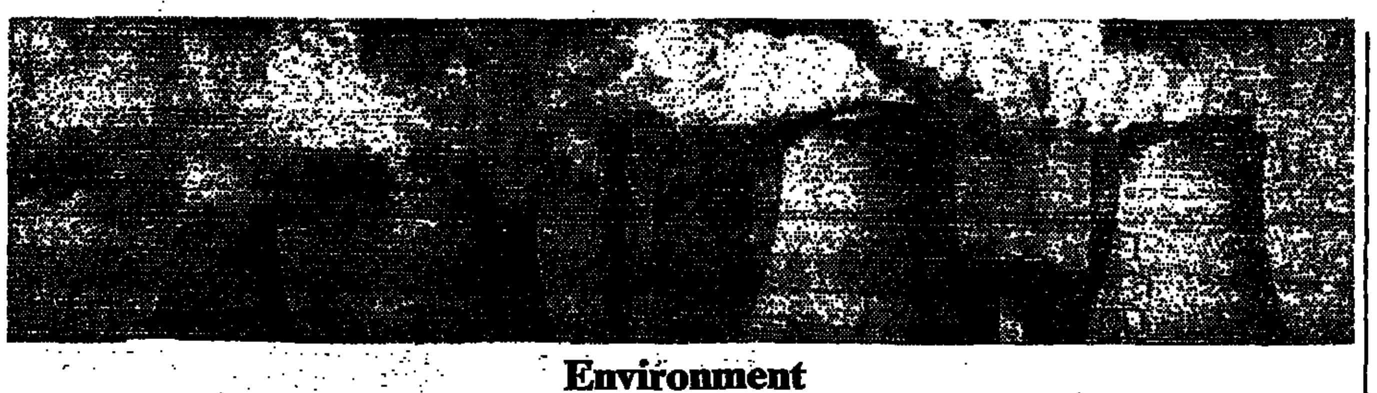
■ Crime and punishment, as we know, is a classic Russian theme; but now with perestroika there seems to be more crime than punishment. Pravda yesterday brought home the point by prominently featuring on its front page a series of readers' letters on the subject.

One indignant reader reported an incident in which the militia recently stopped a bus taking workers home from a meat packaging plant. Poking about, they found a packet of meat under every seat: when fully assembled, the haul weighed a grand total of 100 kilos. Pursuing their enquiries, they got the 'goodness-I-had-no-idea-a-packet-of-meat-was-under-my-seat' routine...from the whole bus.

Pravda reckons that some £300m has been lost through this kind of theft over the past three years. Not only is the phenomenon on the increase but a mere 6 per cent of all reported thefts in the meat and dairy industries are solved.

The answer, acording to Mr Talashkin, a reader from the Kaluga region, is strong stuff. "My convictions were formed under Stalin when fear of strict punishment kept discipline. Now laws are human; and you can steal fifty roubles a day if you like". Another sign that under Mikhail Gorbachev things aren't what they used to be.

Robert Graham



Environment

Twinning economics and ecology

By Tim Cooper

With green politics now firmly taking root in Britain, helped along by the Prime Minister's clear wish to be considered a committed environmentalist, the eyes of the green lobby were focused on the Chancellor when he delivered last month's Budget.

The Government's response last year to the report of the World Commission on Environment and Development, entitled Our Common Future, pledged it "to develop policies consistent with the concept of sustainable development."

As expected, Mr Lawson widened the differential between duty on unleaded and leaded petrol, but his Budget contained little else to satisfy the green lobby. Not surprisingly, then, green advocates viewed this measure as a gesture rather than a significant step towards integrating economic and environmental policies.

However, the pace at which Britain and other industrialised societies are consuming the earth's finite resources is giving us serious grounds for concern. Each year at least seven times more goods are manufactured throughout the world than in 1950. The result is a rapidly deteriorating global environment. For example, last year in Brazil alone an area of rain forest the size of Belgium was torn down. How much longer can such trends continue? Are the "limits to growth" really a myth after all?

Conservatives have always put great stress on the principle of "living within one's means." But they tend to apply this principle solely to the nation state, ignoring its significance for the individual and the planet. Hence their failure to tighten the tax credit controls which are enabling individuals to live beyond their means and, at the same time, fuelling the over-consumption which threatens the planet.

Interconnections between the state of the economy and the quality of the environment have long been acknowledged by international bodies such as the United Nations and the OECD, but they receive little attention in Whitehall.

What steps might be taken to twin together economics and ecology? A useful starting point is the term "sustainable development," which Mr Lawson and the green lobby tend to be defined rather differently. As far as the Chancellor is concerned, "sustainable development" is the maximum economic expansion compatible with acceptable stability in the financial markets.

This contrasts with the definition in Our Common Future: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The Government should not only endorse this definition; it must implement policies consistent with this objective if its claims of environmental commitment are not to sound hollow.

Second, a far closer working relationship between the Treasury and the Environment Department is needed. The twice-yearly Treasury forecasts for the economy exclude any mention of the environment. Why? If environmental projects have to be acceptable by economic criteria, should not the nation's economic policies have to be evaluated for their environmental implications?

Trends in pollution, such as sulphur emissions from power stations, could be published alongside figures for industrial production. Green field sites destroyed could be detailed alongside statistics of expenditure on new roads. Costs would then be seen alongside benefits, enabling proper comparisons to be made.

Third, an alternative to GDP as the main measure of the nation's economic and social well being must be found. Redefining economic development to place emphasis on quality and usefulness, rather than on quantity, is hardly a new proposition – it was one of the recommendations of Britain's delegation to 1972's Stockholm Conference on the Human Environment, led by Peter Walker MP. A new measure is very long overdue.

Given the current statistical disparities between different measures of GDP, it is an ideal time to initiate serious government-financed research into alternative statistical indicators. Current work being carried out by organisations such as the New Economics Foundation is modest in scale and ought to receive a substantial stimulus from government.

Fourth, fiscal policy should encourage a "conserver-driven" economy, in contrast to today's "throw away" economy. Instead of deterring the employment of people (through employers' national insurance contributions), taxes should minimise, as far as possible, the depletion of finite natural resources. It is absurd, for example, that renovating old houses in inner city areas attracts VAT while building new houses on green field sites does not.

Finally, measures to deter pollution should also be introduced. The tax subsidy on company cars should be phased out, and a the duty on unleaded petrol should be reduced further in line with the "Green Gauntlet" proposals of Friends of the Earth, Greenpeace and the World Wide Fund for Nature.

Economic and environmental problems often share the same roots, such as "short-termism". They cannot be solved in isolation from each other. However there is precious little evidence, so far, to suggest that the Government is about to embrace the "marriage of ecology and economy" called for in Our Common Future.

Indeed Nicholas Ridley, the Environment Secretary, has denied that any conflict exists between economic and environmental objectives. With pressure for greater environmental commitment even less likely to come from the Treasury, the prospect of an engagement – let alone a marriage – appears slim. Environmental objectives will continue to be considered as secondary to economic goals.

The proposals above require a political commitment to reverse the long-established tradition of treating economic policy and environmental policy separately. However, despite the increasing attention being paid to green politics by politicians of all persuasions, the mainstream parties still resolutely refuse to accept the integration of economics and ecology as imperative.

The author, a contributor to Into the 21st Century (Green Print, 1988), was formerly co-chair of the Green Party Council.

FOREIGN AFFAIRS

Hoisting Gorbachev on his own petard

Robert Mauthner suggests a flexible response by Nato to the latest Soviet proposals

As the fateful day for a decision on the updating of Nato's short-range nuclear weapons in Europe approaches, Sir Geoffrey Howe, the UK Foreign Secretary, has launched his own personal missile into the debate.

What is the point, he argued in a speech last week, of taking up Mr Mikhail Gorbachev's offer of negotiations for the reduction and ultimate elimination of these tactical nuclear weapons if Nato and the Warsaw Pact do not agree on the final objective of such negotiations? In other words, the Foreign Secretary is implying that there can be no meeting of minds between those, like the Nato countries, who believe that nuclear weapons are the ultimate guarantee of peace in the world and those, like Mr Gorbachev, who favour a nuclear-free world.

The view that countries with different fundamental defence doctrines should not attempt to negotiate certain nuclear arms control agreements may be a logical and intellectually attractive proposition. If unfailingly applied by governments, however, it could seriously restrict the areas in which international settlements could be reached. Fortunately, the criteria which govern international negotiations in practice are somewhat less rigorous.

Some quite basic disagreements between Nato and the Warsaw Pact over the objectives and subject matter of the current conventional forces negotiations in Vienna – not least whether they should cover nuclear weapons and naval forces – were ironed out during preliminary talks on the "mandate", or terms of reference, for these negotiations. It was the purpose of the mandate talks to establish enough common ground for the negotiations proper to have a good chance of succeeding. Indeed, many Western observers were surprised at the extent of the Soviet compromises made during these preliminary talks.

Mr Gorbachev may well be in favour of the eventual abolition of all nuclear weapons, but neither he, nor anyone else, seriously believes that that goal can be reached for many years to come. In the meantime, he has already made it clear that he is prepared to consider phased reductions of short-range nuclear weapons in Europe. On the basis of past experience, it is reasonable to suppose that, if the West refused to commit itself to a "third zero" (the abolition of tactical nuclear weapons in Europe), it would still be possible to arrange talks to reduce these weapons to agreed ceilings. To say "no" before the ground has even been explored during preliminary talks is merely to present a propaganda victory to the other side.

There are other, more fundamental reasons, why the British Government would do well to re-examine its position, both on the short-range nuclear missile "modernisation" question and on the possibility of reducing the Warsaw Pact's immense superiority in these weapons through negotiations. Mrs Margaret Thatcher is wont to lecture the world on what she considers to be an incontrovertible truth: that conventional weapons alone have never prevented wars and that it is thanks to the fear of the consequences of the use of nuclear weapons that no major conflicts have broken out since the end of the Second World War in 1945.

The improved East-West political climate is leading people to question Nato's basic concepts

Though it cannot be proved, that is a general perception which is shared by many others, experts and laymen alike. But it does not take account of one of the other basic requirements of deterrence – that Nato must demonstrate clearly that it has the political will to use nuclear weapons if necessary. As the result of the quarrels over short-term nuclear weapons between its members, that political will, and thus the credibility of Nato's deterrence policy, has been undermined.

The idea that a country like West Germany, which occupies a central strategic and political position in Nato and stands to suffer most from the use of tactical nuclear weapons stationed mainly on its territory, can somehow be brow-beaten into adopting a position opposed by most of its own electorate, is plainly absurd. The effectiveness of Nato's policies depends on the consensus of at least the major member states, and that consensus usually involves compromise solutions – even on fundamental policy questions.

Such compromises appear all the more necessary at a time when the improvement in the East-West political climate is leading people to question some of Nato's basic strategic concepts. The debate about the role of tactical nuclear weapons under the doctrine of flexible response has, so far, tended to be restricted to defence experts and academics. Now that the political spotlight has been focused on these arms, however, the implications and weaknesses of this strategy – long a matter of controversy among defence analysts – are at last beginning to filter through to a wider public.

Officially adopted in 1968 to replace the policy of massive retaliation, which was considered to have lost its credibility after the Soviet Union had caught up the US in the strategic arms race, flexible response is intended to be a means of controlled nuclear escalation. Even in the event of a conventional Warsaw Pact attack. Simply expressed, it provides for the first use by Nato of short-range nuclear weapons to warn an attacker that, if he does not cease his aggression and withdraw, he risks massive retaliation by Nato's strategic weapons.

Yet many experts, including Mr Robert McNamara, former US Defence Secretary and former President of the World Bank, and Lord Carver, former British Chief of the Defence Staff, believe that, if Nato initiated the use of nuclear weapons, that would inexorably lead to uncontrollable and unpredictable nuclear exchanges and catastrophic damage to Western countries and their populations.

It is such considerations which, not unnaturally, have led the West Germans, Belgians, Dutch and other Europeans to give a sympathetic hearing to Mr Gorbachev's offer to negotiate reductions of short-range nuclear arms. That does not invalidate Mrs Thatcher's classical Nato argument that tactical nuclear weapons, by providing a link between conventional forces in Europe and the US strategic nuclear force, help to prevent a US military disengagement from Europe. But fears of a nuclear holocaust as the result of the implementation of the doctrine of flexible response understandably tend to trump more scholastic and positive interpretations of that flawed strategy in the minds of those at the probable receiving end.

Given the genuine and widespread doubts about the task that has been assigned by Nato to short-range nuclear weapons and the desire not to sour the new East-West climate of *détente*, the Alliance would be wise to adopt a realistic position. It has a splendid opportunity of turning the situation to its advantage.

Nato's priority is to negotiate a conventional arms agreement which will reduce the offensive weapons in this category to equal ceilings – a result which itself will lessen the perceived need for short-range nuclear weapons. The Soviet leader, who hinted during his recent London visit at linkages between the Vienna negotiations and Nato decisions on modernisation, should be hoist with his own petard.

By making any reduction of tactical nuclear missiles conditional on an acceptable deal on conventional arms, Nato would not only test Moscow's sincerity, but stand a good chance of wiping out the Warsaw Pact's superiority in both these fields. That is the kind of flexible response that everyone in the West would understand and Mr Gorbachev, in a wry sort of way, might even appreciate.

LETTERS

An extra tax slice

From Mr F.J.A. Finlay.

Sir, I wonder what sort of tax avoidance the Chancellor is trying to hit with his penal treatment of close investment companies (CICs).

To the extent that a CIC makes distributions in excess of its own dividend income, the ultimate shareholders currently end up paying a total tax rate of 48 per cent unless the CIC is a "small company," in which case there is no incidence of double taxation.

Hardly surprising, then, that earnings may be retained, but not necessarily worthwhile. *The benefit of retention* is that the company pays lower tax rates than individuals, but *against* that must be set the ultimately higher tax that will be paid on a capital disposal, when the retained earnings will attract a further 40 per cent tax reduced only by capital indexation of the original cost – which is available anyway, and should therefore be ignored.

So, in the current tax regime, if you do not distribute you pay only 35 per cent now – but 61 per cent at the end of the day. Either way, whether you distribute now or later the Chancellor gets an extra slice.

I thought Mr Lawson was a reforming Chancellor. This whole panoply of regulations is a step backwards.

Fabian Finlay,
9 North Audley Street, W1

Debt reduction debate

From Mr Robert Beasley.

Sir, William Rhodes (April 12) misleadingly suggests that "voluntary debt reduction" and "new" lending are important ways forward for creditor banks, governments and multilateral agencies to "help" debtor nations.

Voluntary debt reduction is not equivalent to debt-forgiveness. All schemes involve the exchange of one form of obligation for another. Reducing *total debt* and *debt*-service obligations may lead to a different form of capital transfer.

"New" money is a further red herring. The so-called success of providing Brazil with fresh loans of $5.2bn *in* the 1988 deal is tempered by the fact that Brazil was then $5.4bn in arrears. All the new money simply paid off these arrears, and further debt burdens were acquired.

If the banks seriously aim to help Brazil, why do they not propose voluntary debt-forgiveness? The answer is that the current debt strategy – even with voluntary debt reduction schemes – suits the banks; they have benefited from the shift, in new lending, to multilateral institutions, which subsidise debt-service payments. UK banks received further subsidy: over £1bn in tax-relief on their 1987 provisions. Profits are at an all-time high.

Robert Beasley,
War on Want,
37-39 Great Guildford Street, SE1

Electrocomponents posts

From Mr J.L. Robinson.

Sir, On March 31 you published an article in the UK News section of your newspaper headed "Ex-LRT Chairman finds new senior post."

Your article concerned the appointment the previous day of Sir Keith Bright as chief executive and deputy chairman of Electrocomponents plc and referred to my resignation as managing director of that company.

The final paragraph quoted Mr Robert Tomkinson, finance director of Electrocomponents, as saying that the board had decided that it was "better to part our ways with Mr Robinson . . . All our executives have been informed and everybody has welcomed it."

After raising the matter with Electrocomponents I have received a letter of apology from Mr Tomkinson which makes the point that the words "All our executives have been informed and everybody has welcomed it" referred to the appointment of Sir Keith Bright and not to my departure.

I would be grateful if you would publish this letter to correct any misunderstanding that may have arisen.

J.L. Robinson,
Affricks,
Watchett Lane,
Little Kingshill,
Great Missenden, Buckinghamshire

Community care services

From Mr Robert Oakeshott.

Sir, Your otherwise excellent leading article ("A policy for community care," April 12) can perhaps be criticised for an error of omission. Unlike Sir Roy Griffiths' 1988 report, which it rightly commends, you fail to address the question of how community care services may best be delivered to people in their homes.

Hoping to contribute to that particular aspect of the current debate, we published a research report at the end of March: Does Employee Ownership Improve the Quality of Service? A Case of Home Care *for the Elderly* in New York.

Sir Roy Griffiths welcomed it, partly because of "its clear illustration of the virtues and benefits of competition" in the supply of community care services. He cited the fact that "it describes an initiative in which the authorities who supervise caring services for the elderly do not themselves provide those services."

The employee-owned business at the centre of the report has had, on the face of it, a rather good start. In the four years to the end of September 1988 its workforce increased from about a dozen – almost all of them black or hispanic women – to 170, and its annual sales rose from "peanuts" levels to $2m (£1.17m).

Perhaps more eye-catching than either of these quantitative measures of performance is one which seems to reflect quality. Employee turnover at Co-operative Homecare Associates (CHCA, as the business is called) fell last year to an annual rate of about 20 per cent: roughly one third the figure for its more conventionally organised competitors.

It does not seem naive to accept that the quality of care services for the elderly will depend quite largely on the *quality of relationships built* up between the individual "care supplier" and the client – or that the quality of these relationships will, in turn, quite largely depend on their longevity. Thus, lower labour turnover points to the likelihood that CHCA may enjoy an important quality advantage.

You are right to discourage the expectation that care delivered in the home is a low cost option. The New York data suggests, though, that it is normally less expensive than residential care.

Robert Oakeshott,
Partnership Research,
9 Poland Street, W1

From Mr Hugh Lowe.

Sir, Another interpretation of the crisis in community care (leader, April 12), and of non-implementation of the Griffiths Report, is that Government policy for community care is not to spend public money, and the Government is using the "fragmentation of responsibility" to divert attention away from it.

Most community care is needed by increasing numbers of the elderly. Most patients decanted from psychiatric hospitals are elderly; they were *already elderly* when *they* entered the institution. Like others needing health care for age-related conditions, they are being shunted through "free at the point of delivery" NHS care to cash-starved, means-tested, "care in the community."

DHSS grant for a person in a home is less than one third of the cost of a hospital bed; an enormous saving. DHSS and most local authority rules value an applicant's owner-occupied house as "means" – most inmates of homes for the elderly *pay the fees* by selling their own homes.

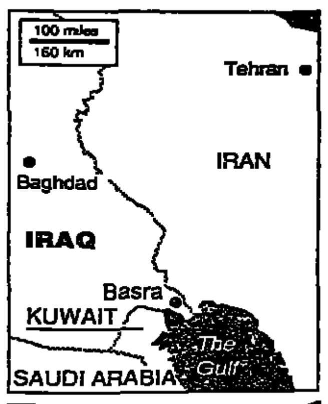
The *Griffiths* report proposes to extend this to care delivered in a patient's own home, by making "owner occupier" recipients of care "realise the equity on their property" to pay for it (by re-mortgage).

The complexity of health care means that responsibility for it is almost bound to be fragmented. For example, the "responsibility tree" of the GP service runs through Family Practitioner Committees to the DHSS, whereas a health visitor or community nurse has a quite different managerial "tree" *running through the* local health authority. The two pull together well enough (provided there are sufficient resources) because care is delivered free under the NHS.

Community care differs from NHS care not because it treats different health needs (most residents in homes for the elderly have conditions identical to many elderly hospital long-stay patients, and would have been in hospital 15 years ago) but because the one is means-tested, the other is not.

Hugh Lowe,
4 St Dunstan's Gardens, W3

FINANCIAL TIMES
Tuesday April 18 1989



The busy port of Basra before its devastation by Iranian bombardment during the Gulf War

Iraq makes Basra symbol of revival

Andrew Gowers analyses Baghdad's efforts to rebuild its second city

IT rapidly becomes apparent that something unusual is afoot as you drive across the salty wastelands towards Basra, Iraq's second city.

There is the gleaming but almost empty new "international" airport. There are the clusters of tents dotting the landscape, makeshift housing for the thousands of workers bussed to Iraq's south-eastern port from all over the country. There is the equipment: enough bulldozers, trucks and steamrollers to shift and flatten several mountains of earth. And, as the outskirts of the city hove into view, there is the din and the dust of an enormous municipal facelift.

Within the city – crumbled target for eight years of Iranian shelling – canals are being dredged, roads cleared, bridges built and rubble shunted around in a frenetic effort to comply with President Saddam Hussein's May deadline for tidying up.

Basra's importance, it may be argued, is as much political as economic, given that its outlet to the Gulf, the Shatt al-Arab waterway, remains blocked with silt and half-sunken ships. The city does, however, serve as an emblem of Iraq's determination to pick itself up after the Gulf war and get on with the interrupted business of development.

Since the ceasefire last summer, the Baghdad authorities have been dusting off a bewildering variety of previously-planned projects. The large number of visiting foreign businessmen find the market tantalising, but there is a big snag: the country's heavy debt-service requirements mean that it has no immediate prospect of being able to pay for even half of what it wants to accomplish.

Apart from maintaining a high level of military expenditure, Iraq's top priority is hard currency-raising projects – chiefly those involving the expansion of oil production and export facilities and the construction of downstream industries.

Iraq is adhering to its Opec production quota of 2.64m barrels a day (b/d), but production capacity is steadily rising as output from existing oilfields is expanded and new fields – such as the massive East Baghdad reservoir – are brought on stream.

Western diplomats estimate that the opening of the southern ports may have raised export capacity to 3.5m b/d, and that capacity will rise above 4m b/d by the end of this year thanks to the scheduled completion of the pipeline, known as IPSA-2, across Saudi Arabia. They believe that although Iraq will not do anything to disrupt the recent rise in crude oil prices, its medium-term goal is a considerably higher quota.

Downstream, the Iraqis have quickly brought their heavily-bombarded oil refinery near Basra back on stream and are working on restarting production at the southern petrochemical plant known as PC1.

More important, they are pressing ahead with plans for a massive industrial complex south of Baghdad. This will include one of the Middle East's largest petrochemical complexes, known as PC2, for which Bechtel, as technical consultant, is helping to put together contracts, a power station and a further refinery.

Iraq's industrial plans were given a boost last year with the appointment of President Saddam's son-in-law, Mr Hussein Kamel, as Industry and Military Industrialisation Minister. His ambitions apparently include two big fertiliser complexes; the expansion of the local iron and steel industry; an aluminium smelter; a tyre factory; and establishment of a car assembly operation in Iraq, possibly involving General Motors.

Few of these plans are immediately affordable. Prestige projects such as PC2 are likely to be largely paid for in oil or products, with Western finance up front. For the rest, it all comes back to the old problem of hard currency.

According to one estimate, Iraq needs to spend $30bn just to repair war damage to its infrastructure. Yet about $5bn of this year's expected foreign exchange revenues of perhaps $14bn would, in the absence of rescheduling, be absorbed by principal and interest payments.

The disparity between Iraq's ambitions and its ability to finance them has preoccupied Western creditor nations. Baghdad, which owes non-Arab governments an estimated $40bn, has recently embarked on another round of bilateral rescheduling negotiations with European countries and is trying to use the prospect of reconstruction business as an incentive for lenient treatment over its arrears or for the granting of new credit.

But members of the Paris Club of industrialised creditor countries are unimpressed. They see little hope of persuading Iraq to engage in a multilateral debt rescheduling. Such is their concern that in January they sought to pre-empt Baghdad's latest attempt to pick them off in bilateral negotiations by forming a united front on the maximum terms they would be prepared to offer.

Although some Western countries – including West Germany, but not including one of the biggest creditors, France – have reached rescheduling deals on Iraqi arrears this year, only a few are providing significant amounts of new credit.

Britain is one, rewarding the Iraqis for their uncharacteristically clean payment record until now by nearly doubling its credit line to Baghdad this year to £350m.

Italy is another, having resolved a serious dispute over the non-delivery of frigates to Iraq during the war.

The result is acute frustration for many foreign companies seeking to win contracts in Baghdad. "Foreign companies are all scrambling around after the same pot of money," said one banker.

"The Iraqis are pushing ahead, signing contracts conditional on finance and asking the companies to come up with the credit," said a Western diplomat in the Iraqi capital. "They see it as the companies' problem, not their own."

Paris threat to UK-built Nissan cars ends in a climbdown

By John Griffiths in London and Paul Betts in Paris

A MONTHS-LONG dispute over French threats to restrict sales of UK-built Nissan cars has ended with a climbdown by Paris which has important implications for the EC's internal market for cars.

Lord Young, the UK Trade and Industry Secretary, said he had received from the European Commission an assurance that the French Government would not count shipments of UK-built Nissans against the quota that France imposes unilaterally on cars imported from Japan.

The assurance, which is certain to upset the two large French car producers, Renault and Peugeot, as well as Italian vehicle producers, means that Nissan should now be able to distribute throughout the Community as many UK-produced cars as it can build, and for which it can find buyers.

France's move will make it almost impossible for Italy, which also imposes a strict quota on Japanese imports and whose industry is deeply hostile to the Nissan operation, to take action of its own against the UK-built cars.

Lord Young's disclosure, coming on the eve of an expected announcement today by Toyota of the choice of Derbyshire in the English midlands as a site for its first car-making operation in Europe, sends an important, positive signal to the Japanese industry about the conditions it might expect to encounter in Europe's post-1992 market, and is almost certain to accelerate Japanese investment plans.

The French authorities are understood to have indicated about 10 days ago to the European Commission that they would accept the UK-built Nissan cars as qualifying as "European" products under EC local content rules. Currently, these merely state that a vehicle is European if the last significant stage of manufacturing takes place within the Community.

France imposes an annual quota of 3 per cent of total new car sales on imports from Japan. For Nissan, this meant about 18,000 cars this year.

In addition, Nissan now believes it will be able to sell without difficulty its planned additional 5,500 UK-produced cars this year. It stressed last night that despite the threats, none of the 3,000 cars it has shipped to France so far has actually been impeded.

Had France maintained its stance, it would in any case have taken until September for Nissan to sell 18,000 cars.

THE LEX COLUMN

The last act at Gateway

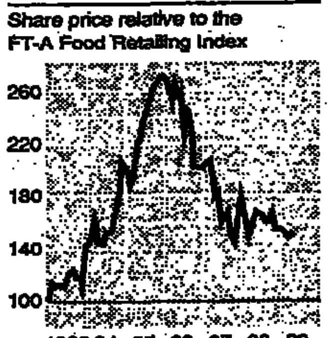
The mooted offer for Gateway has its bizarre aspects: a hostile bid for a company by its owners, so that they can sack the management. One might have thought there were easier ways to go about it. But it is not yet clear which owners are involved; none of the big institutions admit to being in the consortium, and some of the biggest specifically deny it. Nor are the details of the plan yet clear, beyond the fact that it bears a marked resemblance to that put together 18 months ago by Mr John Fletcher: Asda buys many (perhaps most) of the superstores, the wretched Herman's is sold, and the smaller Gateway stores are retained.

There is a touch of the inevitable about the whole affair. Gateway is seen as structurally misconceived by just about everyone except Mr Monk, who looks as if he may pay for his obstinacy with his job. Gateway's shares were unresponsive to the news yesterday, closing 11p below the suggested offer priceof 195p. But this probably has less to do with scepticism over the offer than with caution about what it might consist of; and if there were a paper element, with the question of who would run the business. A full cash bid of 195p would be very tempting, particularly since it is not easy to see how pressure could be brought on the owners to raise their price.

When the details are known, it seems clear that Asda too will come under scrutiny. As the smallest of the big food retailers, it is in an exposed position; and having spent very heavily on store development of late, it cannot afford to overpay for superstores of doubtful quality. Gateway may be a spent force in retailing, but it still has the power to do damage.

Gateway

Share price relative to the FT-A Food Retailing Index



ADT

At last, Mr Ashcroft has struck a deal that is almost straightforward. Not only are the mechanics easy to understand, but the deal creates a new, even simpler ADT that is almost unrecognisable as the old Hawley Group. By persuading a friendly Canadian waste management company to buy 22 per cent of the shares, ADT emerges ungeared, with nearly all those nasty little loans and cross-shareholdings with Henley washed away. It raises new capital at a premium to the market price, slightly improving its earnings in the process, and gets some reflected credibility from its new shareholder.

Indeed, all those UK institutions still opposed to ADT on principle may wonder at the enthusiasm of Laidlaw and Canadian Pacific, its controlling shareholder, in buying such a large stake. But even that is straightforward: Laidlaw is keen to diversify into similar service companies, and by equity accounting for the ADT stake, will produce a large and positive effect on its earnings.

However, nothing that Mr Ashcroft does is entirely simple, and this time the mystery is in the game plan. ADT is left with the power to make a really big acquisition, but says it has no plans of doing so. It also drops heavy hints about the nice match ADT and Laidlaw would make, but then claims to be averse to a merger. Perhaps the whole point is that ADT is leaving its options open. The company still believes that its shares are undervalued, and should that stop being the case one day, it can then talk terms. If not, it loses nothing from a bit of transatlantic support.

Markets

The Delors committee report on European economic and monetary union may have considerable longer term implications for the financial markets, but there is no obvious short term message. A unanimous report means that it has been drafted in such a way that every country can agree on an interpretation to suit its own position; and yesterday's anodyne statement from the Governor of the Bank of England means even less when it is stressed that he is speaking in a personal capacity rather than as a representative of the UK Government.

When or even whether European economic and monetary union will be achieved depends on the politicians. Nevertheless, with all due respect to Mr Lawson, reports such as this tend to acquire a momentum of their own; and the longer sterling is left out of the European monetary net, the more likely it is to remain as one of the most volatile of the world's major currencies. Its behaviour yesterday is yet another reminder of how fickle it can be. Whereas the dollar was falling on signs of cooling in the US economy, the pound strengthened in response to economic data carrying a similar message. The slowdown in UK consumer spending, and the continued buoyancy of manufacturing output, may indicate that the switch in resources to the export sector is under way, but the pace is painfully slow. Meanwhile, the rise in unit wage costs is going to get worse as the economy slows down, which can hardly be good for sterling.

Ratners

When it comes to retailers, the market sees rapid growth and failure as a matter of cause and effect. Ratners is certainly guilty of the former; the conventional wisdom is that the latter will come with time. And as successive retailers have seemingly shown the link, Ratners' shares have sunk to a cheap and nasty rating to match the company's product line in bangles, underperforming the market by 26 per cent and the stores sector itself by 5 per cent in the past year.

Ratners does its best to argue that jewellers are a world apart, and that it is a cut above its peers in any case. The market can scarcely dispute either contention: whatever the fate of shoes and jumpers in the High Street, everything from glass beads to diamond solitaires continues to grow strongly. And Ratners' management systems leave little to chance and inefficiency at shop level, with the result that it is one of the few companies still genuinely making money out of retailing.

The time may come when investors decide to suspend their disbelief in a business which has turned in average earnings per share growth of 35 per cent over the past two years. But for the moment, they have placed Ratners firmly next in line for disaster on a prospective p/e of just over seven. And if a large US acquisition really is imminent, that will not help their mood – even if an American future is inevitable for Ratners once it has completed its dominance of the UK market.

EC 'favours' banking reciprocity changes

By Tim Dickson in Luxembourg

SIR LEON BRITTAN, the European Commissioner in charge of financial services, received what he called a "generally favourable" reaction from EC finance ministers in Luxembourg yesterday for key changes to the second banking directive announced by the European Commission at its meeting last week.

Sir Leon, who will visit the US next week for the first time as commissioner, said the EC now had "an intellectually and politically defensible" position on banking reciprocity, adding "the air has been cleared quite considerably" as a result of the modifications.

The original draft of the second banking directive – designed to allow banks to operate throughout the Community on a single banking licence from one member state – contributed to many of the fears summed up in the infamous phrase "Fortress Europe."

Its vague wording led many to believe that foreign banks would be excluded from operating in the EC if their home countries did not provide equivalent freedoms to those enjoyed in the Community.

The changes agreed by the Commission last week are intended to simplify the mechanics for giving authorisation to "third country" banks wishing to set up inside the EC and to refine the criteria under which the rules of reciprocal treatment will be applied.

In effect, the EC will open negotiations with countries whose banking regimes are less liberal than its own, but new banking licences would be suspended only where national treatment and effective access to a country's marketplace is denied to EC institutions.

The Community's finance ministers, who are being asked to give preliminary approval to the directive by the end of June, confined themselves to a short discussion of the amendment. Some detailed questions were asked, but no ministers are understood to be hostile.

As Sir Leon admitted afterwards, a key problem to be resolved is the committee procedure for making the individual decisions on the fate of applicant banks.

This has proved a battleground between the Commission and the Council of Ministers in other policy areas, but Sir Leon said no proposals from the Brussels executive had yet been tabled.

● Yesterday's Council formally adopted a directive first proposed in 1986 on common rules for what constitutes credit institutions' own funds. Another directive on solvency ratios is still being discussed by the Council.

Bosch to build plant in Wales

By Anthony Moreton, Welsh Correspondent, in Cardiff

PLANS by Bosch, the West German electrical concern, to build a £100m ($171m) plant outside Cardiff, Wales, to produce components for the motor industry were officially released yesterday by Mr Peter Walker, the Welsh Secretary.

The announcement is expected to be followed today by a final decision by Toyota to site a motor assembly plant outside Derby in the English Midlands. This is expected to be unveiled by Lord Young, Trade and Industry Secretary, on his return from China.

Bosch, which at one time favoured a Spanish site, is to produce in Wales a new generation of compact alternators which will be lighter, have a higher output and a better performance than existing models.

The company expects to employ 560 people at the start of production in 1991, and 1,230 people by 1995. The plant is expected to lead to the creation of 1,500 further jobs among components suppliers.

The company already has 31 plants in 15 countries outside Germany and the Welsh development was "a logical consequence of the policy to expand international production."

Bosch expects to be turning out 5m of the new alternators annually by 1995 with exports topping £90m a year.

Bosch already employs 500 people in the UK at sales subsidiaries which have combined sales of more than £330m.

High West German labour and other costs, combined with the strong D-Mark, are sharply increasing pressure on Bosch to site more production outside West Germany.

Analysis, Page 10

Wright accused of 69 violations

Continued from Page 1

of evading House rules on outside income by encouraging people to make bulk purchases of his paperback book, for which he received an unusually high 55 per cent in royalties.

Together, these charges amount to five counts, which include 69 transactions which allegedly violated House rules.

The next stage of the inquiry is a disciplinary hearing in which Mr Wright and his attorney will have a chance to rebut the charges of ethical misconduct. The committee's special counsel Mr Richard Phelan will then present his case, and a new and tougher standard of proof – "clear and convincing" – will be required before the committee finally decides whether rules were broken.

Any recommended punishment would have to be approved by the full House.

Soviets lift curfew on Tbilisi as Georgians end week of strikes

By John Lloyd in Moscow

THE CURFEW which has been imposed on the Soviet Georgian capital of Tbilisi since last weekend's demonstrations, was lifted last night.

The announcement came at the end of the main nine o'clock television news bulletin, following an emotional interview with Mr Eduard Shevardnadze, the Soviet Foreign Minister, in which he stressed that soldiers and tanks had no place on the streets of his native city.

Mr Shevardnadze, sent to restore order in Tbilisi a week ago after at least 19 people died following an attack by troops on a demonstration early last Sunday morning, had promised that the curfew would be lifted and troops and tanks withdrawn if life returned to normal.

Official and opposition sources yesterday agreed that enterprises had returned to work, transport was running and even schools and universities – largely empty last week – were almost back to normal.

The past week has seen the resignation of the republic's three top leaders, and the increasing admission by the authorities that the action against demonstrators was wrong and that the Georgian Communist Party and Government was out of touch with the people.

Reuter adds from Moscow: Local television also reported that 14 people were still missing after last week's clash between troops and pro-independence demonstrators.

Tbilisi residents have been plastering lists to walls charging that 100 people disappeared after the bloody clash on April 9, and many of them died in addition to the 19 in the official death toll. Radio Moscow said 20 were killed.

However, Mr Rolad Beridze of the Georgian Foreign Ministry denied the rumours of a higher death toll. He said local press reports had found most of the reported disappearances had innocent explanations.

Witnesses say the troops attacked a peaceful crowd with clubs, shovels and poison gas, chasing down fleeing women and teenagers to beat them to death.

WORLD WEATHER

		°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]
Bangkok	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]
Beirut	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]
Bombay	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]
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Zurich	[illegible]	[illegible]	[illegible]

Bush aid boost for Poles

Continued from Page 1

union was legally registered yesterday in the same Warsaw courtroom where it had been registered in autumn 1980.

Mr Bronislaw Geremek, a Solidarity leader, said the union's legalisation had removed the basic reason for Western economic restrictions against Poland. The course of elections in June would show how real the Government's pledges were that Poland had embarked on the path of democracy, he said, adding then Western financial support would be essential to the success of economic reforms.

Mr Bush repeatedly stressed that the US would not act unconditionally. "We will not offer unsound credits. We will not offer aid without requiring sound economic practices in return. We must remember that Poland is still a member of the Warsaw Pact. We must take no steps that compromise the security of the West."

He supported a policy of differentiation between east European countries that backed reform, like Poland and Hungary, and others that did not.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday April 18 1989

INSIDE

Ratners keeps shining through

While others in the UK retail sector talk of tough trading conditions, Ratners, the jewellery chain, carries on producing results rather more sparkling than the nine-carat gold products sold *through its shops.* Ratners claims to be the world's largest jeweller. *But that seems to be no* check on the ambitions of Gerald Ratner (above), the group's chairman *and managing director, who yesterday brought the latest news of the seemingly inexorable* rise in Ratners' fortunes. **Page 30**

One man's meat . . .

Farmers are beginning to echo consumers' concern about the use of hormones in meat and milk production. But from his Farmers' Viewpoint, David Richardson says a call by Britain's National Farmers' Union for a ban on the use of one synthetic hormone is based not on scientific evidence, but on fear born out of ignorance. **Page 38**

Narcotic-darkened skies over island in the sun

For "unmanifested cargo" read two tons of marijuana and a US$28.8m fine imposed by US customs. The haul was found aboard an Air Jamaica flight into Miami and the fine, on top of earlier penalties *for similar offences and* disruption caused by the hurricane which hit the island last September, means the company could be heading towards a significant increase in the net losses which have dogged its recent history. **Page 26**

Trade winds favour Norway

Norway and Singapore fought strongly for first place in the bourse performance stakes last week, achieving daily record highs as investors scrambled for stock. **Page 50**

Suzuki drives deeper into Spain

Suzuki of Japan has raised its stake in Land Rover Santana, the Spanish maker of four-wheel drive vehicles, underlining its growing financial commitment to vehicle assembly in Spain and highlighting the trend among Japanese manufacturers for opening plants in Western Europe. Meanwhile, Iveco, the subsidiary of Fiat of Italy, has reported an 18 per cent increase in net profits for last year. **Page 24**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Continental	271	+	7.3
Bayer Hypobank	392.5	+	7.5
Lufthansa	171.5	+	3
Commerzbank	257.5	+	4.5
D'tsche Bank	558	+	8.5
Falls			
Degussa	483	−	9

NEW YORK ($)

Rises			
Cray Research	54⅞	+	1
HemoTec	6¾	+	1½
MAPCO	67	+	¼
McClatchy News.	19¼	+	1¾
Falls			
Bio Medicus	13¼	−	⅞
Control Data	21½	−	⅞

PARIS (FFr)

Rises			
Vic	1031	+	77.3
Sagem	1570	+	79.9
O.P. Olipar	449.8	+	21.8
OFP	1440	+	64.8
Sovac	842	+	33.3
Falls			
Nouv. Galeries	569	−	45.2

TOKYO (Yen)

Rises			
Shinwa Kaiun	1260	+	200
Hisaka Works	2010	+	300
Jeol	1470	+	200
Falls			
SMC	5080	−	330
Kokusan Denki	898	−	53
Aubex	881	−	49

LONDON (Pence)

Rises			
ADT	165	+	6½
Anglo Leasing	428	+	18
Bass	886	+	11
Booker	437	+	4
Burmah Oil	554	+	14
Cairn Energy	225	+	10
Camford Eng.	284	+	9
Coalite	335	+	12
De La Rue	332	+	5
Harland Simon	355	+	50
Lloyds Chemists	161	+	12
Mecca Leisure	172	+	8
Racal Telecom	346	+	15
Shell Trans.	394	+	7½
Strong & Fisher	243	+	8
Falls			
Kentish Prop.	87	−	13
Laporte	325	−	4
Plessey	257	−	10
Royal Insurance	405	−	13
Wellcome	491	−	7

First profit since 1984 for AEG

By Haig Simonian in Frankfurt

AEG, the West German electrical and electronics company which is now 80 per cent-owned by Daimler-Benz, last year made its first net profits since 1984 and its first profits independent of extraordinary items since 1972.

Meanwhile, the continuing rationalisation of the European power generating equipment market has convinced AEG to seek a new solution for AEG Kanis, its power equipment subsidiary, which lost just under DM100m ($53.7m) last year.

Under a deal to be signed later this week, AEG Kanis, which had sales of about DM360m last year, is to become part of a new joint venture with the European Gas-turbine Company (EGT). This is the group set up late last year between GEC of the UK and Alsthom of France in which General Electric of the US has a minority stake.

Mr Heinz Dürr, AEG's chief executive, said AEG's operating earnings last year rose to DM115m from DM108m in 1987, while net profits jumped from zero to DM27m, allowing the payment of a DM2.40 a share dividend – the first payout since 1972.

Mr Dürr said there had been a marked improvement in the quality of earnings last year, in spite of the relatively small rise at the operating level.

In the first three months of this year, new orders had risen by 18 per cent to around DM3.2bn, while sales were 12 per cent up at DM2.6bn.

Group turnover rose 15 per cent to DM13.4bn last year, with foreign sales jumping by 18 per cent to DM5.5bn and domestic sales running 12 per cent higher at DM7.8bn.

However, AEG's sales buoyancy was not entirely reflected in profitability. There were continuing difficulties at AEG Olympia, the office equipment arm, which lost about DM100m and is being reorganised to make room for possible joint ventures.

Foreign earnings were depressed by losses at AEG's Brazilian subsidiary and heavy investment costs at Modcomp, its US computer operation.

AEG would take a minority holding in a new joint venture incorporating AEG Kanis, with the majority going to EGT, and room being left for a possible fourth partner, said Mr Dürr. How much AEG would earn from the transaction was not disclosed, but the sum is believed to be "in the middle two-digit millions (D-Marks)", said an executive.

Mr Dürr said AEG was now "between two phases". The company virtually went bankrupt in the early 1980s before being taken over by Daimler-Benz in 1985, a process which will reach a peak with the transfer of AEG's aerospace activities into Deutsche Aerospace, the new Daimler subsidiary incorporating all its aerospace businesses.

The transfer, which will cost AEG about DM2bn in annual sales, should be made within the next two years, said Mr Dürr.

Independent estimates had shown that the aerospace business and AEG's three research institutes, which are also being transferred, had a value of DM1.6bn. The surplus over book value, which was not revealed, would be used to strengthen AEG's balance sheet in a way that would not generate any additional tax liabilities, he said.

According to the formula put to minority shareholders when Daimler-Benz raised its AEG stake last year, AEG's dividend is calculated at a rate of 20 per cent of Daimler's own payout to shareholders, meaning that Daimler's own dividend for 1988, to be formally announced later, will be unchanged at DM12 a share.

ADT strengthens ties with Laidlaw

By Clay Harris in London

ADT, the electronic security protection and vehicle auction group headed by Mr Michael Ashcroft, moved closer yesterday to a possible merger with Laidlaw Transportation, the Canadian-based school bus and waste management company.

The former Hawley Group, managed from the UK but registered in Bermuda since 1984, unveiled a complicated deal which establishes Laidlaw as its largest shareholder with a 22 per cent stake and will result in ADT receiving a cash injection of £210m ($360m), nearly wiping out its net debt.

Initially, only an exchange of directors is planned. However, Mr Ashcroft indicated yesterday that a full merger, with ADT in overall management control of a Bermuda-based holding company, was a strong possibility. The two groups' combined market capitalisation exceeds £1.3bn.

Mr Michael De Groote, Laidlaw's chairman and chief executive, said there were "no merger discussions at this time." But Mr Harvey Romoff, European vice president of Canadian Pacific, the conglomerate which controls 17 per cent of Laidlaw's equity and 48 per cent of its voting shares, said: "It is likely that this is step one in a closer relationship."

CP bought into Laidlaw last year, Mr Romoff said, because its businesses were non-cyclical and focused outside Canada (the US accounts for about 80 per cent of revenue) and because it was well-managed. ADT fitted the same description, he said.

Laidlaw also fulfils Mr Ashcroft's current emphasis on service activities which provide high margins and pose a high cost of entry to potential competitors. It is North America's largest operator of school buses and ranks third in waste disposal, a field in which it bought ADT's 25 per stake in UK-based Attwoods for £69.2m in January.

ADT's comparable businesses are electronic security protection, where Hawley bought the US market leader for $715m (£440m) in 1987, subsequently taking its name for the entire group, and auctions, where British Car Auctions was purchased for £182m earlier in the same year.

In the wake of those deals, Mr Ashcroft has sold the lower margin office cleaning and janitorial supplies activities which Hawley had amassed in the mid-1980s. The disposal side of this "trading up" process has helped to reduce ADT's debt burden and to simplify a complex web of cross shareholdings.

Both factors were present in yesterday's transaction. Laidlaw, which already held 3 per cent of ADT, is buying 47m shares from Henlys, a listed Canadian company which itself is 49 per cent owned by ADT.

Henlys is applying the £75.2m proceeds to repaying more of the debt it owes to ADT. Afterwards, the outstanding total will have been reduced to $100m, from a $650m peak about 18 months ago.

Laidlaw is also buying 1m ADT shares held by ADT itself, and will be issued 83m new shares, equal to 11.6 per cent of ADT's enlarged common share capital.

The issue breaks UK institutional guidelines on the pre-emption rights of existing shareholders. Mr Ashcroft noted that 40 per cent of ADT's shares are already held by US investors, who cannot participate in rights issues.

Laidlaw is paying 160p per share, 1½p above ADT's close on Friday. The shares rose 7½p to 165p yesterday.

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Group weighs bid for UK supermarket chain

By Nikki Tait in London

AN UNNAMED consortium indicated yesterday it was considering proposals which could lead to a takeover bid for Gateway, the British food retailer which owns Herman's, the US sporting goods chain.

The offer would be at 195p a share, valuing the troubled superstore and supermarket group at £1.73bn ($2.96bn).

The announcement was made by merchant bank S.G. Warburg, advising the consortium. Individual members were not specified although some of Gateway's institutional shareholders were said to be involved.

Few firm details were forthcoming about the shape of the offer. However, last night there were rumours that Asda, another supermarket and superstore group currently ranking fifth in the UK, two positions behind Gateway, might acquire a substantial part of Gateway's superstore portfolio as part of the deal.

Suggestions were that over 60 stores could be involved, out of about 80 owned by Gateway. Asda said it preferred to make no comment at this stage, while Warburg declined to discuss this specific suggestion.

The advisers did, however, make clear that a full break-up of Gateway was not being planned, stressing that they still hoped to discuss matters with the group. Financing for the offer, sufficient to allow the 195p to be in cash, is in place, they said.

Gateway itself said it could not comment on an offer which had not been made, but added that it believed the "purported price" of 195p a share to be "derisory."

Its joint advisers, Lazard Brothers, did concede that there was some contact with the consortium and its advisers.

Trading in Gateway shares has been very heavy recently. London's Seaq computer-based trading system showed some 17m shares – about 1 per cent of the company's equity, allowing for two-way business – changing hands on Friday, and a further 13m shares yesterday. This, coupled with press speculation, appears to have accelerated yesterday's announcement.

However, the Gateway share price only rose 3p to 184p, as City analysts remained highly sceptical of a successful offer at the price mooted.

The revived bid possibility comes just over a year after Gateway – then called Dee Corporation – saw off a hostile £2bn offer from the much smaller Barker and Dobson group. B&D, which has since changed its *name to that of the Budgens* supermarket chain which it owns, wished to break up the group, selling off everything except the 750 "middle" supermarket stores.

Analysts have reduced forecasts of Gateway's pre-tax profits for the year to April 30 to about £190m, compared with £185.8m in 1987-88.

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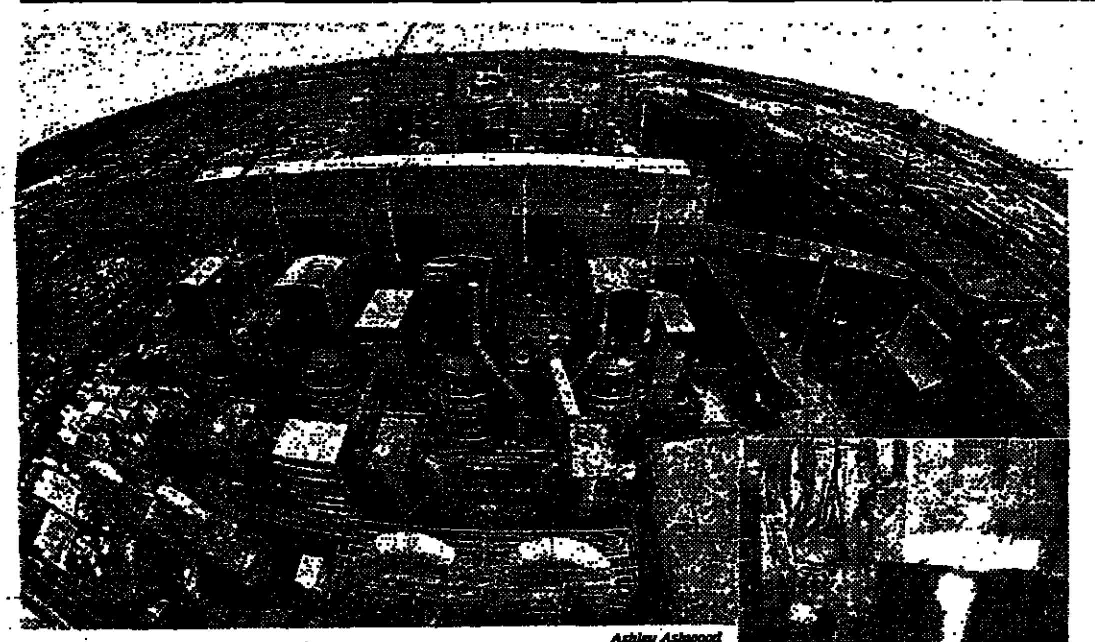


Ashley Ashwood

NZ Steel's Glenbrook plant: offers Minmetals much-needed expertise and modern technology

Cut and thrust of Chinese steel

Dai Hayward and Colina MacDougall look at Minmetals' move into New Zealand

A tough Chinese state-owned corporation has outbid large Western industrial groups to gain control of New Zealand Steel and establish its biggest international industrial venture.

China National Metals and Minerals Import and Export Corporation (Minmetals), one of China's most powerful trading organisations, beat competition from Fletcher Challenge, New Zealand's largest company, as well as from Broken Hill Proprietary and Elders Resources, two big Australian-controlled groups.

Constantly in short supply, steel is a key commodity in China, where last year officials made fortunes by wheeling and dealing in the metal. Steel was changing hands at twice its fixed price, and some factories found they could make more money by closing and selling their state allocation at inflated prices than by remaining in production.

Minmetals is one of China's largest import-export concerns, with an annual turnover of some $6bn and carrying on business with more than 150 countries. NZ Steel will become its 40th overseas subsidiary if the deal is cleared by the New Zealand Commerce Commission, which is not expected to object.

Minmetals made its first appearance in New Zealand only a week before tenders for NZ Steel closed last month, forming a new company, CENC (NZ), in association with Lu Group, until then a little-known Wellington company managed by an expatriate Chinaman.

The announced purpose of the venture was to import Chinese slates and building materials. It also expressed an interest in seeking suitable areas for investment in New Zealand, particularly in forestry, minerals, tourism and commercial properties.

It soon found one. The NZ$400m ($244m) it is reported to be paying for NZ Steel is considerably higher than the other bidders were prepared to offer.

Mr Hugh Fletcher, chief executive of Fletcher Challenge, last month indicated that his own rather lower bid already reflected the advantages in its intention to merge NZ Steel with Pacific Steel, Fletcher's small existing steelmaking operation.

China's decrepit steel industry is much in need of a fresh injection of technology. Apart from its 1970s-designed complex at Baoshan, near Shanghai, the entire industry was built in the 1950s or earlier. A mill in Chongqing, south-west China, recently phased out equipment supplied by Britain in 1902.

NZ Steel's Glenbrook plant is rated as extremely modern and efficient, and Minmetals, which is said to lack experience of modern steelmaking techniques, was clearly prepared to pay a premium for expertise and technology, even though it is a trader, not a manufacturer.

NZ Steel has had a chequered career. After a costly and troublesome expansion programme initiated as part of the "think big" energy development projects of the Muldoon Government, Mr David Lange's present administration ploughed in further funds to help make the company viable, and put it up for sale in 1987.

It found a buyer in Equiticorp, an investment group headed by Mr Allan Hawkins, an entrepreneur. In October 1987, he took it over in a NZ$327m deal settled only hours before the market crash.

Mr Hawkins initially declared: "We are in this thing for the long term." But the deal was to prove disastrous. It had a significant role in the collapse of Equiticorp, where provisional liquidators took over in January.

Equiticorp had paid for NZ Steel by issuing the Government with 92.9m Equiticorp shares valued for the purpose at NZ$3.52 each. The shares were then trading at NZ$2.75.

Buttle Wilson, the Auckland stockbroker which handled the sale for the Government, negotiated an agreement that the state would receive its NZ$327m in cash by March 1988. As Equiticorp shares steadily lost value, it said those held by the Government would be placed with two companies close to Mr Hawkins' family company, with an arrangement allowing the companies to buy them in March 1990 at NZ$5.

In January 1988, Mr Hawkins bought back the shares from the Government at the agreed price, although by then the market value had been more than halved to NZ$1.43.

Equiticorp last year undertook a programme of disposals but, in spite of talks with Fletcher Challenge, was *unable to find a buyer* for NZ Steel. With the collapse of Equiticorp, the stake in NZ Steel became one of the prime assets the receiver had to sell. Just how prime, nobody realised until Minmetals made its bid.

Next DSM issue in September

By Laura Raun in Amsterdam

PRIVATISATION of another third of the shares of DSM, the Dutch chemicals company, is planned for the second half of September and could raise about Fl 1.4bn ($664m).

The sale of an initial third of the government-owned concern was a huge success in January, drawing 4.5 subscribers for every share. It yielded Fl 1.3bn for state coffers and the share price has remained consistently above the issue price of Fl 108, closing at Fl 119.40 yesterday.

Official announcement of the second tranche, also an international equity offer, is expected to be made today by the Dutch Economics Ministry.

DSM is an international chemicals concern with a broad range *of products and interests in* energy. In 1988 it earned Fl 622m on sales of Fl 10.1bn.

Amsterdam-Rotterdam Bank, which led the first issue, is understood to have won the mandate for leading the second syndicate as well. S.G. Warburg led the first UK syndicate and Swiss Bank Corporation the Swiss syndicate.

The forthcoming 12m-share issue will carry pre-emptive rights for existing shareholders, according to a source close to the negotiations. That implies an *attractive issue price again*, following one that was accused by some of being on the low side the first time around.

Of the initial 12m shares, 54 per cent stayed in Dutch hands, including 100,000 new private *investors*, and the rest went abroad, notably to the UK and Switzerland. The Dutch Government and DSM are understood to be happy with the current spread of ownership.

DSM will announce its first-half results on August 18 and then embark on a series of roadshows *inside* and *outside the* Netherlands. Top executives of DSM and Amro keenly pitched the Heerlen-based company during an international tour in January.

The Christian Democrat-Lib*eral Government has yet to* announce whether it will sell the remaining one-third of DSM or keep it. It must decide soon because the current cabinet period expires in April or May 1990, when general elections are scheduled.

KEVIN DONE REPORTS FROM THE COMMERCIAL VEHICLES SHOW IN TURIN

Sales boom at Iveco lifts profits

IVECO, the commercial vehicles subsidiary of Fiat of Italy, increased its net profits by 18 per cent last year to Fl 515m ($244m), boosted by its highest sales volume since the company was formed in 1975.

Iveco increased its truck and bus sales by 10 per cent to 129,300 units, while production of diesel engines rose by 2 per cent to 287,200. Group turnover rose by 9 per cent to Fl 11.33bn.

The company, the second-largest truck producer in Europe after Daimler-Benz of West Germany, marginally increased its share of last year's record market for trucks of 3.5 tonnes and above to 20.2 per cent from 20.0 per cent in 1987. This compares with the 20.9 per cent gained by Daimler-Benz last year.

Mr Giorgio Garuzzo, Iveco chief executive, said the overall European market for trucks of 3.5 tonnes and above rose by 12 per cent to a record 485,300.

Iveco's profitability last year was boosted by the sharp recovery in the fortunes of Iveco Ford Truck, its UK joint venture with Ford of the US, which achieved a £19m ($32.4m) turnround last year, transforming a loss of £9.4m in 1987 into a net profit of £9.6m in 1988.

Iveco Ford increased its turnover by 31.9 per cent to £258m and raised production of the Cargo truck range at its Langley plant in West London by 13 per cent to 16,263, the highest output since Cargo was launched in 1981.

Iveco Ford, which leads the overall UK truck market through its dominance of the light and medium truck segments, increased its UK market share (trucks above 3.5 tonnes) to 24.3 per cent from 22.9 per cent in 1987.

Mr Garuzzo said Iveco had decided to invest at Langley to introduce a new range of Iveco light and medium trucks up to 17 tonnes, but this project would not be completed for at least three years. He expected the new Iveco products to be produced, at least initially, in parallel with the Cargo truck range, which is expected to be phased out during the 1990s.

The Iveco chief executive said the company's sales in Europe last year were constrained by lack of capacity, with many of its components plants working to their limits.

He said Iveco was not planning to build additional capacity, but the company had increased its workforce and had used substantial overtime and the use of temporary labour in order to raise output.

The group's workforce had been increased to 38,110 by the end of 1988 from 35,865 at the end of 1987. Taking account of natural wastage the group, which has production plants in Italy, France, West Germany and the UK, had recruited 4,713 additional workers.

Iveco has begun a Fl 3.2bn investment programme from 1988 to 1992 aimed at modernising all its production plants chiefly through the introduction of greater automation and flexible manufacturing systems. Capital investment jumped to Fl 660m last year from Fl 553m in 1987 and Fl 261m in 1986.

Research and development spending has been increased to Fl 475m from Fl 422m in 1987.

Suzuki increases Santana stake to 32%

SUZUKI, the Japanese automotive group, has raised its stake in Land Rover Santana, the publicly-quoted Spanish maker of four-wheel drive leisure/utility vehicles, to almost one-third.

Suzuki's growing financial commitment to vehicle assembly in Spain is further evidence of Japanese moves to establish a car and commercial vehicle base in Western Europe. Toyota, Japan's largest automotive group, is expected to announce officially this week its decision to build a £600m ($1.02bn), 200,000-cars-a-year assembly plant in the UK.

Suzuki has increased its stake in Land Rover Santana to 32 per cent from 20 per cent after effectively underwriting a Pta2.2bn ($19m) one-for-three share issue by the Spanish vehicle maker. It has taken over from Land Rover, part of the Rover Group subsidiary of British Aerospace, as the major shareholder in Santana.

Land Rover has not subscribed to the Santana rights issue and as a result its stake in the company has shrunk from 31 per cent to 23 per cent. Land Rover has also chosen not to renew its licensing agreement with Santana, which expired at the end of last year.

Santana is still producing Series 111 Land Rovers, which Land Rover itself ceased making in 1983, and has now dropped the Land Rover name from its own product. Land Rover denied recent speculation that it was preparing to sell its remaining stake in Santana to Suzuki and claimed that no negotiations had taken place.

However, it has left the way open for an eventual Suzuki takeover. "We do not see Santana playing a key part in our long-term business strategy," Land Rover said. "We have no plans to introduce any new projects there."

The Spanish company is in the midst of a Pta12bn five-year investment programme, aimed at increasing its capacity for producing Suzuki vehicles at its Linares plant in southern Spain.

Last year Santana produced 22,362 Suzuki SJ410/413 small, four-wheel drive leisure/utility vehicles and 6,083 Santana vehicles (based on the Series 111 Land Rover). It is aiming to increase its Suzuki production to 25,000 in 1989.

Capacity for producing Suzuki vehicles is being raised to more than 35,000 a year as the company prepares for the start-up of production of the larger Suzuki Vitara four-wheel drive vehicle, which was launched in some European markets late last year.

● Land Rover achieved record volume sales of its luxury Range Rover vehicle in the first quarter. Range Rover sales in the UK were 36 per cent higher at 2,087 vehicles, while sales in the US jumped by one-third to 1,191.

Sprecher raises dividend

By John Wicks in Zurich

SPRECHER & SCHUH, the Swiss electrical engineering concern, is to propose payment of a 12 per cent dividend, plus a bonus of 4 per cent, for last year. This will represent payment of SFr16 per registered share.

The Aarau-based company, which had paid out 10 per cent in 1987, also intends to increase its registered share capital and create bearer shares, with details to be announced later.

Sprecher & Schuh is also to apply for a listing on the stock exchanges of Zurich, Geneva and Basle.

Group earnings jumped 52 per cent in 1988 to SFr12.8m ($7.8m), following an 18 per cent rise in consolidated turnover to SFr260m. New-order value rose 9 per cent to SFr259m.

Van Ommeren signs deal

By Our Financial Staff

VAN OMMEREN Ceteco, the Dutch transport, shipping and trading company, has bought Wilson Shipping, a unit of the Swedish haulage company Bilspedition, for an undisclosed sum, the Dutch company said.

The deal, which gives Van Ommeren a foothold in the Swedish transport market, was formally signed on April 10. "The Wilson deal is a first step on to the Swedish market where we mean to set up further, primarily transport-related, activities," Van Ommeren said.

Van Ommeren's Votainer Consolidation Services has set up a joint freight transport business in Gothenburg.

Wilson, a Gothenburg-based shipping agency, also operates in northern Germany, where Van Ommeren wants to expand.

Plastics lead surge in Solvay earnings

By William Dawkins in Brussels

SOLVAY, the internationally diversified Belgian chemicals producer, yesterday unveiled a 24 per cent increase in net earnings on a 13.4 per cent rise in sales for 1988. The gains were thanks to a continued upturn led by the plastics, alkalis and health products divisions.

Baron Daniel Janssen, group chairman, said: "We have no reason to think 1989 will be any lower than 1988. In coming years, we think plastics and health will grow faster than other sectors in relative terms."

Group sales rose to BFr253.5bn ($6.9bn) from BFr223.6bn, while net earnings rose from BFr12.2bn to BFr15.1bn. The board is proposing a BFr410-per-share net dividend, up from BFr370 in 1987. Earnings per share rose 25 per cent from BFr1.37 net to BFr1.65.

The earnings are stated after a BFr5bn extraordinary charge, against the previous year's BFr3.4bn deduction. The 1988 charge consisted of the write-off of goodwill on acquisitions in the US and allowances for pension funds, which were only partly offset by a one-off BFr3bn capital gain from the disposal of Solvay's stake in Corpus Christ Petrochemical Company of the US.

Plastics overtook alkalis as Solvay's largest sector for the first time, accounting for nearly 32 per cent of turnover, as against 31 per cent for alkalis.

Plastics demand was buoyant and sales prices increased faster than raw materials costs, said Baron Janssen.

The peroxygen sector's results were unchanged, while the processing division's profits declined because of an increase in resin costs.

Solvay's Brussels offices were investigated last week by the European Commission for possible illicit price fixing and production sharing in soda ash, of which it is the world's largest producer. Baron Janssen said: "We were surprised by the visit. We have been totally open because we have nothing to hide."

Pechiney aims to raise FFr5.3bn by flotation

By George Graham in Paris

PECHINEY, the French state-controlled aluminium and packaging group, yesterday launched a series of operations destined to raise FFr5.3bn ($839m) in the capital market and so fund its purchase last year of American National Can, the leading US packaging company.

The spearhead of the operation is the flotation of 25 per cent of the capital of Pechiney International, a new subsidiary grouping American National Can with Pechiney's French packaging company, Cebal, its aerospace components subsidiary Howmet, and most of its non-French aluminium activities.

The flotation, at FFr196 a share, values Pechiney International at FFr14.975bn. Nearly 40 per cent of the shares will be placed abroad by a banking syndicate, led by CSFB, with the same amount offered publicly in France in an operation led by Banque Nationale de Paris and Lazard Frères.

Another 20 per cent of the offer will be reserved for holders of the parent Pechiney's preferred investment certificates (CIPs).

Pro forma accounts give Pechiney International net profits of FFr1.757bn last year, after writing off FFr405m of goodwill. Brokers Cholet Dupont forecast profits of around FFr1.5bn this year, rising to FFr1.9bn in 1990.

Analysts suggest that the new subsidiary would have accounted for around 40 per cent of group profits last year, excluding American National Can, and will account for around 60 per cent this year, including the newly acquired packaging company.

At the same time, Pechiney will issue new CIPs at a price of FFr340, with each CIP bearing a warrant; every two warrants will give the right to subscribe to one Pechiney International share at a price of FFr245 from September this year until September 1991.

Burnt by the failure of its previous warrant issue, unexercised in the wake of the 1987 stock market crash, Pechiney has added a safety valve for the last nine months of the warrants' life, until June 1992, by allowing the subscription price to be reduced to 90 per cent of the previous month's stock market average, if that is less than FFr245.

The operations, together with a capital increase subscribed by the state, and the sale of buildings, will allow the Pechiney group to retire FFr7.9bn of debt, and reduce its total debt to equity ratio.

Hexagon receives counter offer from Consolidator

By Sara Webb in Stockholm

HEXAGON, the Swedish listed group which buys and develops small companies with a view to reselling them, has received its second takeover bid in the space of a week.

The offer, worth about SKr2bn ($314m), came from Consolidator, a real-estate company owned by Mr Hans Thulin who, apart from his property interests, is best known for paying SKr13m last November for one of Sweden's most famous paintings, The Dying Dandy, by Nils Dardel.

Consolidator's bid came close on the heels of a SKr1.6bn offer from Axel Johnson, the Swedish trading group. Axel Johnson already owns 18.1 per cent of the share capital and controls 23.2 per cent of the votes in Hexagon.

Institutional investors and members of the Hexagon board had criticised Axel Johnson's bid as being too low when it was made last week. The trading group, which is owned by Mrs Antonia Axson Johnson, claimed that the acquisition of Hexagon would complement its existing trading businesses.

Hexagon's business areas include food, industry and services. It reported profits of SKr291m (after financial items) on turnover of SKr2.72bn last year.

Barclays to sell Nigerian interest

BARCLAYS of the UK is to sell off its 20 per cent shareholding in Union Bank of Nigeria, according to the merchant bank organising the disposal, Reuter reports from Lagos.

The sale would be the largest equity share offer in the Nigerian capital market to date, said Mr Frank Onwu, corporate finance manager of Icon, merchant bankers.

He added that the move was in line with Barclays' global strategy of reviewing minority investments in retail banking outside Britain.

It was also investigating new investment in merchant banking in Nigeria, and would maintain a correspondent relationship with Union Bank.

Hugo Boss ahead by almost 49%

By Haig Simonian in Frankfurt

NET PROFITS at Hugo Boss, the West German fashion group which took over Joseph & Feiss, the US quality clothing producer, earlier this year, jumped by almost 49 per cent to DM33.7m ($18.02m) in 1988.

Group sales at the company, which floated part of its shares in 1985, increased by almost 13 per cent to DM600m in 1988. Earnings per share climbed by almost 21 per cent to DM81 a share from DM67, according to the formula used by the German Financial Analysts Association.

Boss will be announcing fuller results next month. However, the group said that the increase in sales, which came against a growth of 1.7 per cent in the men's clothing sector as a whole last year, reflected the continuing emphasis on automisation and exports.

The company said turnover at its new US acquisition, which has sales of $160m, should rise by 10 per cent this year.

INTERNATIONAL COMPANIES AND FINANCE

Lower gold prices hit Rand Mines

By Jim Jones in Johannesburg

LOWER AVERAGE gold prices and a dip in production combined to push the four gold mines managed by South Africa's Rand Mines group into loss during the quarter ending in March.

The management hopes that production changes at East Rand Proprietary Mines (ERPM) will eventually restore it to profit, although the mine is still increasing borrowings to finance its development programme.

ERPM has been mining gold since early this century. Several years ago it embarked on an expansion and development programme to concentrate on exploiting richer, virgin ore in the southern part of its property.

The project has been plagued by cash flow deficits which forced the mine to borrow heavily from its banks and from the parent company.

In recent months production has been prematurely cut in the older section of the mine and increased ahead of schedule in the new section, with the intention of limiting operating losses. The production changes have resulted in a lower ore milling rate, but have raised the average grade of gold recovered.

In addition, the mine has tried to control unit working cost increases by processing dumped low-grade residue created in the early years of mining.

Durban Deep, which also needs new workings to replace old sections, has adopted similar production strategies – curtailing underground mining and controlling unit costs by processing sand dumps.

Its managers plan to exploit some comparatively rich ore in the northern part of its property, but local mining analysts believe that the mine's long-term viability will depend on opening virgin ground in the southern part of the mine's property.

Blyvooruitzicht's recovery grade is falling as work is increasingly concentrated on the small remaining reserves in the western part of the mine. The average recovery grade slipped to 4.33 grams/tonne in the March quarter from the December quarter's 4.51 grams/tonne, and the company expects the trend to continue during the five or so remaining years of the mine's life.

Harmony, the group's largest mine, improved its gold recovery grade. However, the benefits were lost as the rand gold price fell and unit working costs increased by 5.5 per cent for the quarter.

The pre-tax working profit was more than halved to R8.1m ($3.2m) from R18m. Harmony has stopped producing uranium and honoured sales contracts by buying uranium oxide from other South African producers in the quarter.

RAND MINES GOLD QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Mar 89	Dec 88	Mar 89	Dec 88	Mar 89	Dec 88
Blyvoor	2,474	2,520	7.84	12.18	14.3	40.0
Durban Deep	1,512	1,524	(2.52)	0.36	(159.0)	(167.0)
ERPM	1,925	2,103	(26.96)	(13.87)	(176.5)	(161.3)
Harmony	7,199	7,127	10.77	22.05	12.6	56.7

Earnings per share calculated after tax and capital expenditure. Parentheses = negative.

Plans for reshape lift Amatil share price

By Chris Sherwell in Sydney

THE RECENT surge in the share price of Amatil, the Australian affiliate of Britain's BAT Industries, was belatedly explained yesterday when the company acknowledged that it was considering a restructuring proposal.

The Australian Stock Exchange asked last Friday if the company could explain the sharp gain. Amatil shares closed at A$10.80 that day, compared with A$9.20 on Tuesday and a 12-month low of A$7.90.

The market speculated that BAT, which owns 41 per cent of the cigarettes, soft drink and snack food group, was in talks on the group's future with Coca-Cola, for which Amatil has the franchise in every Australian state except South Australia.

Amatil said yesterday that it was examining a proposal still being formulated.

Meanwhile, the company's shares continued to rise strongly, giving the group a market capitalisation of around A$1.45bn (US$1.17bn), although analysts argue that a takeover would cost a prospective bidder substantially more than that.

If BAT were to buy out the minorities, it would be following a path trodden by numerous multinationals which have taken advantage of a relaxation in foreign investment guidelines and the October 1987 crash to gain firmer control of their subsidiaries.

In most of these cases, minority shareholders have reaped handsome rewards from the higher-than-expected prices the parent companies have paid to secure their objective.

Acquisitions fuel sharp rise in sales at Malbak

By Jim Jones

STRONGER sales and profits generated by packaging, consumer durables and food subsidiaries lifted the interim revenues of Malbak, the South African industrial group, for the six months to February.

Malbak holds most of the industrial interests of Gencor, South Africa's second largest mining house.

Consolidated interim turnover was lifted to R3.3bn ($1.3bn) from R2bn a year ago.

Mr Grant Thomas, chief executive, says that a third of the sales increase was derived from acquisitions. In January Malbak acquired paper maker Wiggins Teape's local interests. In addition Malbak increased its interest in the Kanhym meat and feedlot company to 85 per cent from 37 per cent, and now treats Kanhym as a subsidiary rather than as an associate.

In Britain a controlling interest was acquired in MY Holdings, the packaging company, through Abercom, the subsidiary which formerly held industrial interests in South Africa and America.

The interim operating profit before tax and interest rose to R277m from R175m. After-tax profit was R139m against R97m.

Net earnings rose to 52.5 cents a share from 39 cents and the interim dividend is lifted to 12.5 cents from 10 cents.

Whim Creek directors accept Dominion offer

By Chris Sherwell

DOMINION MINING'S chances of becoming a principal mining house in Australia rose yesterday when Whim Creek directors accepted an improved takeover offer from Dominion, valuing Whim at some A$270m (US$218.4m).

Mr Peter Joseph, Dominion chairman, said that if the company is successful it will become Australia's fourth largest gold mining company – with annual production of around 400,000 ounces by 1990-91 – behind Western Mining, Placer Pacific and Homestake Gold.

Dominion has 31.2 per cent of the gold mining business of Whim Creek, including its entitlement to a 6.2 per cent parcel held by Auswhim Resources. Under its revised terms, it is offering two of its shares for every Whim share (ex Whim's 10 cent special dividend and 10 cent ordinary dividend), or a combination of A$1.25 cash plus nine Dominion shares for every five Whim shares (cum the special dividend but ex the ordinary dividend).

Dominion's move on Whim began in January in the wake of a boardroom coup in which a disaffected group of Australian shareholders ousted an Irish group. A week ago Dominion improved its offer for Whim and made it unconditional, then raised the offer again at the weekend.

Ex-UAP chief to help Arnault

By Paul Betts in Paris

MR JEAN Dromer, former head of Union des Assurances de Paris (UAP), France's largest state insurance group, is to become chairman of Financière Agache this summer. Financière Agache is the principal financial and industrial holding company of Mr Bernard Arnault.

The appointment is designed to enable Mr Arnault to devote more time to his new responsibilities as chairman of Moët Hennessy-Louis Vuitton (LVMH), the leading French champagne, cognac and luxury products group.

Mr Arnault became chairman of LVMH this year after accumulating with Guinness the largest single stake in the French luxury group.

The socialist Government had replaced Mr Dromer, a former chairman of the French banking association, at the top of UAP last year with Mr Jean Peyrelevade. Mr Dromer's new appointment is due to be approved by a shareholders meeting of Mr Arnault's holding company next June.

Mr Arnault is already involved in the management of LVMH, made difficult by a fierce internal battle with Mr Henry Racamier, head of the Louis Vuitton clan.

Ahlstrom in $150m US purchase

By Olli Virtanen in Helsinki

A. AHLSTROM, the Finnish metal and paper industry group, has acquired Filtration Sciences (FSI), the leading manufacturer of automotive filter papers in the US, for a reported $80m.

The acquisition makes the Finnish group the leading supplier of filter papers to the engine filter industry, with total sales of $150m.

Tennessee-based FSI has annual sales of about $80m, and employs some 300 people at four locations in the US. Its main products are papers for air, oil and fuel filters.

● Rauma-Repola, the Finnish engineering, shipbuilding and forest products group, is to acquire Timberjack, a US timber harvesting equipment concern, for $25 per share ($120m).

Dai-Ichi Mutual buys stake in Hong Kong bank

By John Elliott in Hong Kong

DAI-ICHI Mutual Life Insurance, Japan's second largest insurance company, has bought a 1 per cent stake for HK$375m (US$48.1m) in Hongkong and Shanghai Banking Corporation, the colony's leading banking institution.

The stake was bought on the open market over the last couple of months and Dai-Ichi Mutual informed the bank in advance of its intentions. The bank has 185,000 shareholders in 90 countries and none of the shareholders is allowed to own more than 1 per cent.

Hachette steps up dividend

By Our Financial Staff

HACHETTE, the French media and publishing group, has increased its dividend from FFr3 to FFr3.30 a share. Shares distributed in a one-for-10 free share issue last year will be eligible for the pay-out, meaning a *de facto* increase of 21 per cent in dividend.

Consolidated net attributable profits for 1988 were FFr327.3m ($51.7m)) against FFr337.5m previously. However, net profits from current operations jumped by 28.4 per cent to FFr322.7m from FFr251.3m.

INTERNATIONAL COMPANIES AND FINANCE

US banks start year on firm note

By James Buchan in New York

CHASE MANHATTAN and Security Pacific, two leading US money- centre banks, yesterday reported earnings gains in the first quarter to March with progress in their basic lending business making up for a poor trading quarter and higher operating expenses.

Chase's net earnings from operations were up about 14 per cent. Security Pacific, which is enjoying booming loan growth and fat margins in the California market, reported its best quarter ever with an increase of 22 per cent.

Chase, the big New York bank, said yesterday it earned $131.9m, or $1.27 a share in the first quarter, against $276.9m or $3.09 a share for the same period last year. The performance was better than it looks because the 1988 first quarter was swelled by a special gain of $161m from asset sales and tax benefits.

Net interest income rose to $829m in the quarter, from $772m in the 1988 first quarter, and was boosted by $61m in cash payments from Brazil.

But non-interest operating income fell from $633m to $420m because of a drop in foreign exchange and securities trading income and a much lower contribution from special gains.

The company provided $150m against potential loan losses, the same amount as in the first quarter of 1988, but operating expenses increased 2 per cent.

Security Pacific, which is based in Los Angeles, said its earnings rose 22 per cent to $179.3m or $1.54 a share. The company said gains in all its main businesses pushed its profitability to high levels, with a 19.4 per cent return on shareholders' equity against 18.4 per cent in 1988.

Mr Richard Flamson, chairman, said: "Gains were achieved in all three of our major business groups, including our California bank, our interstate banking network, and our financial services system, demonstrating the balance that is the hallmark of Security Pacific."

The company, which is pushing aggressively for market share, said its interest income rose 16 per cent to $733.8m, with a 7 per cent growth in volume and a widening in interest margin.

The company said it increased consumer loans by 19 per cent and its real estate lending by 23 per cent. Non-interest income rose only modestly, from $421m to $431.6m, because a steep drop in trading profits almost cancelled out gains in fee income.

Security Pacific sharply increased its provisions against credit losses, from $78.6m to $111.8m. Operating expenses continued to increase in the quarter, by 3 per cent.

● First-quarter earnings from operations at Manufacturers Hanover were more or less unchanged as the New York banking group succeeded in shrinking its costs as it cut back on lending and other operations.

Net income for the quarter was $103m or $1.84 a share against $141m and $2.56 in the 1988 first quarter, which was boosted by special gains of $40m.

Net interest income fell from $495m to $466m, mostly because of the sale of a business. Non-interest income fell from $375m to $317m, partly because of weak trading results. Operating costs fell 4 per cent and provisions were $14m lower.

Weak US demand depresses NCR result

By Karen Zagor in New York

NCR, the big computer and business information company, reported a decline in first-quarter earnings, with weak demand in the US market taking its toll despite continued strength abroad.

Net profits for the quarter ended March 31 fell 18 per cent to $61.1m from $74.1m in the same period last year. Per share earnings declined by 13 per cent to 77 cents, from 88 cents a year ago, while revenues fell by 2 per cent to $1.25bn from $1.28bn.

The Ohio-based company said revenue outside the US increased, led by the Pacific marketing group, but the strength of dollar against major European currencies contributed to the overall revenue decline.

NCR said it was hit by higher costs for some semiconductors used in its products. However, Mr Charles Exley, chairman and chief executive, said: "The costs of some semiconductors appear to have peaked and are now declining. In addition, our newer products, with carry better margins, will become a larger share of total revenue."

NCR's orders fell from the record levels of the first quarter last year. Domestic orders declined, as did world-wide orders when translated into US dollars. However, in local currency terms, worldwide orders grew.

"In our 1988 fourth-quarter earnings release, we indicated that it would be difficult to achieve earnings and revenue growth in the first half of 1989. Our first-quarter results are consistent with that.

"Given the decline in the US dollar value of all major currencies since the first of the year, it will be more challenging to achieve the growth in revenues and earnings per share which we had expected for the full year," he added.

In October Mr Exley had predicted single-digit revenue growth for 1989.

Sharp declines for forest product groups

By David Owen in Toronto

MACMILLAN BLOEDEL, the large Canadian forest products company which has been upgrading many of its mills to produce premium papers, has reported a 20 per cent decline in first-quarter earnings due principally to adverse currency fluctuations.

Abitibi-Price, the integrated Canadian forest products group, also saw its profits fall sharply in the first quarter.

MacMillan's performance was further hampered by signs of softness in the hitherto buoyant newsprint market and by adverse weather conditions which affected logging activity in western Canada. The group nonetheless characterised the results as "consistent with expectations."

In all, net earnings of the Vancouver-based company totalled C$73.4m (US$61.8m) or 66 cents a share, against C$91.6m or 82 cents a share in the 1988 first quarter. Sales rose marginally to C$807m, from C$796.5m a year earlier.

According to Mr Ray Smith, president and chief executive, the strength of the Canadian dollar against its US counterpart produced a negative impact of some C$13m on first-quarter income.

"As the economy slows," he said, "we are confident that investments we have made over the past few years . . . have equipped us to respond to any future market downturns."

The company, which is controlled by Noranda, the diversified resources group, said that the pulp market continued to perform strongly.

Specialty lumber sales to export markets were also encouraging, as was the performance of the company's containerboard business in the US.

Widespread discounting in the North American newsprint market and a higher value of the Canadian dollar against US currency bit deeply into first-quarter earnings of Abitibi-Price, writes Robert Gibbens in Montreal.

Net profit for the three months ended March 31 was C$26.3m or 35 cents a share, down about 40 per cent from $44m or 61 cents a year earlier, on net sales of C$810m, against $800m.

Abitibi-Price, which is controlled by the Reichmann Brothers of Toronto, is the country's largest single newsprint manufacturer and a heavy exporter of newsprint to the US.

The value of the US dollar in Canadian terms averaged C$1.19, compared with $1.27 a year earlier.

The company said pressure on newsprint prices will probably continue through 1989, while production costs are climbing steadily.

It is concentrating on improving performance in the less cyclical products, an area where it may make acquisitions, though the printing papers' market may soften later in the year.

Cyanamid profits rise 12.5%

By Karen Zagor

AMERICAN CYANAMID, the US pharmaceuticals and chemicals company, yesterday reported strong first-quarter sales and earnings.

Net profits rose 12.4 per cent to $89.0m from $79.2m the previous year. Earnings per share advanced 12.5 per cent to 99 cents from 88 cents while sales improved 7.2 per cent to $1.23bn from $1.15bn.

The Maine-based company said its Medical Group saw higher sales and operating earnings, with pharmaceuticals registering gains in both domestic and foreign markets.

Mr George Sella, chairman and chief executive, attributed the company's strength to the success of new products and higher worldwide sales of existing products.

The chemical division's operating profits fell from the strong first quarter of 1988. Cyanamid said higher costs were incurred because of start-up charges at the company's Fortier factory.

Sales were little changed, reflecting the sale of the dyes business in the previous quarter, and the creation of a joint venture company, Criterion Catalyst Company.

Operating profits in the Maine-based company's agricultural division rose, led by improved sales of the imidazolinone herbicides.

Cyanamid's consumer products business, the Shulton Group, increased operating earnings with strong performances by Combat roach control and Pine-Sol cleaner.

Peak nickel price boosts Inco

By Kenneth Gooding, Mining Correspondent

RECORD realised nickel prices of $6.59 a lb helped boost the net income of Inco, the world largest nickel producer, to $276.3m in the first quarter. In the same months last year, the average nickel price realised by the company was $3.47 a lb and its net earnings were $125.9m.

Inco is believed to have brought forward the announcement of its first-quarter results to give shareholders plenty of time to digest the good news before tomorrow's annual meeting.

At the meeting some shareholders intend to continue their attack on the company's recent "poison pill" proposals which were linked with the payment of $10 a share special dividend costing $1.05bn.

That payment, coupled with a final tax payment for 1988 of $430m, caused a cash shortfall of $16.5m in the first quarter and the group's debt-equity ratio increased to 63-35. However, Inco said the ratio was now 55-45, and by mid-year should be down to 45-55.

In the first quarter net earnings per share were up from $1.18 to $2.60, the company's fifth consecutive quarter of record earnings, and net sales rose from $676m to $1.12bn.

Inco said the high nickel price reflected strong demand and tight supply, and the first-quarter earnings also benefitted from higher copper prices.

However, earnings were adversely affected by higher costs and expenses, reflecting the increased value of the Canadian dollar against the US currency, the cost of its May, 1988 labour contract and bonuses to employees based on the record nickel prices and earnings.

First City Bancorp net at $26m in opening period

By Our Financial Staff

FIRST CITY Bancorporation, the Houston banking group, reported first-quarter net earnings of $26.2m or $1.09 a share yesterday, almost exactly a year since its purchase by an investor group led by Mr A. Robert Abboud.

No comparison was available with the first quarter of 1988 because of the bank's change in ownership, which brought former First Chicago chief executive Mr Abboud back into banking after a spell with Occidental Petroleum.

Earlier this month, First City Bancorp announced its interest in buying part of MCorp, the Texas bank which recently filed for bankruptcy protection.

Net income in the latest period at First City compared with $25.2m in the fourth quarter of 1987 and $23.6m in the third quarter. For the period from April 20 1988 to March 31 1989, the bank reported net income of $92.3m or $3.82 a share.

Total assets at the end of the first quarter were $12.7bn, against $12.2bn three months earlier, although loans outstanding fell from $7.2bn to $7.1bn.

First City pointed out that the first quarter was traditionally a slack period for loans, and $60m of high-quality loans have also been sold to strengthen relationships with correspondent banks.

Non-performing assets amounted to $88m at the end of the first quarter, down from $94m at December 31, and the loan-loss reserve stood at $143.6m or 2 per cent of loans, essentially unchanged from three months earlier.

United Telecom shows strong improvement

UNITED Telecommunications of the US, reporting higher first-quarter earnings, cited strong performances at all units, with the key US Sprint telephone system solidly profitable, Reuter reports.

"United Telecom enjoyed strong, across-the-board performance by all its units, with US Sprint now stepping solidly into the profit column with operating income of $27.5m," said Mr William Esrey, president.

The group earned $78.4m on revenues of $1.77bn, up from $34.4m on revenues of $1.5bn in the year-ago period. Per share earnings advanced to 78 cents from 35 cents.

US Sprint reported net operating revenues of $984m in the first quarter, up 30 per cent on 1988 levels. It posted a loss of $124m in the first quarter of 1988.

PPG registers record income in first quarter

By Our Financial Staff

PPG INDUSTRIES, one of the world's largest producers of flat glass, reported record first-quarter sales and earnings, despite a decline in its total glass sales from a year ago, Reuter reports.

The US group's net income for the quarter advanced to $129.8m, on sales of $1.46bn, from $118.6m on sales of $1.37bn last year. Net income per share was $1.15, compared with $1.07 last time.

PPG said glass sales during the latest quarter were $588m, compared with $598m last year, but this decline was more than offset by coatings sales, which rose to $512m from $465m, and chemicals sales, which were $315m, against $301m.

In the glass sector, sales gains for original equipment and replacement vehicle glass and fibreglass reinforcements and textiles, were offset by lower worldwide flat glass sales and the unfavourable effect of European currency translations.

As for coatings, PPG said higher sales of automotive original, vehicle re-finish and industrial coatings were partly offset by unfavourable currency translations.

Jamaica's state-owned airline hits more turbulence

Customs fines for illegal drug cargoes have added to Air Jamaica's problems. Canute James reports

Air Jamaica's battle against financial headwinds has been made more difficult by another weighty problem.

"Unmanifested cargo" (read narcotics) discovered on the company's aircraft landing in the US has led to heavy US customs fines which are threatening the very limited hopes for the debt-laden airline's eventual viability. The latest discovery, of just under two tons of marijuana on an aircraft landing in Miami, resulted in a penalty of US$28.8m.

The fine, like earlier penalties, is being contested by the state-owned airline, but even a reduced payment could significantly increase the company's net loss which fell sharply from J$26.3m (US$4.75m) in 1987 to J$5.2m last year. Even without these added problems, the airline, now marking its 20th anniversary, appears somewhat lethargic in its attempt to extricate itself from the red.

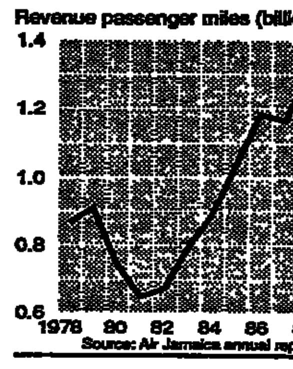
Ironically, its prospects of doing better were set back – like much of the Jamaican economy – by a hurricane which scored a direct hit on the island last September. The hurricane and the extensive damage it caused resulted in a temporary fall in the movement of tourists between the island and the US.

There has always been more than a suggestion that the airline could fly into financially brighter skies with its fleet of four Airbus A300s and four Boeing 727s. Last year's operating profit of J$4.5m was J$35.5m less than that of 1987, but was achieved with a 16 per cent increase in revenue from scheduled passenger traffic, which reached J$777.5m. The airline carried 1.19m passengers, 12 per cent more than 1987, while revenue from cargo increased J$13.7m to J$65.7m. Revenue passenger miles last year totalled 1.3bn against 1.1bn the previous year, with a yield of 10.82 US cents last year, against 10.49 cents in 1987.

There are, inevitably, many questions about the company's future, and its dependence on the Government's budget. Suggestions from the business community that the airline should be divested have been countered by arguments about its value to the island's tourist industry. The airline carries about 42 per cent of tourists arriving in the island, sometimes on routes which are uneconomical.

Air Jamaica

Revenue passenger miles (billion)



Source: Air Jamaica annual reports

Government officials and company representatives point out that the airline's financial performance must be considered against this background, and must take account of the possibility that other airlines would not make the "financial sacrifice" to benefit the island's tourism.

"Air Jamaica has had a history of under-capitalisation and as a result the airline has traditionally been a heavy borrower," Mr Noel Hylton, the company's president, said recently.

"Air Jamaica was born into financial constraints. Over the years, because of insufficient equity we have borrowed heavily for the acquisition of equipment and for working capital. We have always been short of cash."

Mr Hylton said that while the airline had been achieving operating profits, it was heavily indebted, with a high debt-equity ratio which was "reduced to nine to one after the sale and lease back of the four Boeing 727s." He added that the average debt-equity ratio for the industry was one to one.

But keeping the airline alive through a lifeline from the Government's budget is not favoured by some in the island's tourist industry, such as Mr Peter Rousseau, president of the Jamaica Hotel and Tourist Association.

"There is no reason to prevent Air Jamaica becoming a successful airline if it is run on sound business lines," he argues. "After 20 years of government ownership Air Jamaica remains a drain on the national treasury. Air Jamaica no more deserves subsidy from the taxpayer than any other firm or economic sector."

Mr Rousseau contends that if Jamaica's tourism is flourishing there will be many airlines willing to provide adequate services. "Many governments have privatised state-owned airlines with beneficial effects on their national treasuries and on the efficiency of the airlines themselves. British Airways, Air New Zealand, Mexicana and Caribbean Airways are some of them."

Mr Danny Williams, who was recently appointed chairman of Air Jamaica, says he has been given a mandate by the Government to make the airline viable. "It may be perfectly reasonable for the Government to subsidise tourism but there is no justification for Air Jamaica to subsidise it and appear to be inefficient and unprofitable when that may not be the case," he said in an interview in a local newspaper.

Mr Williams appears confident that he can head the airline into financially less turbulent skies. "I am here to determine what we need to do to make the airline viable. I am not here to be an undertaker to Air Jamaica."

INTERNATIONAL COMPANIES AND FINANCE

Storehouse switches lead banker

By David Lascelles and Maggie Urry in London

STOREHOUSE, the UK retail group, yesterday replaced Barclays as its lead bank and switched its business to the Midland.

The move, the latest in a number of incidents highlighting the increasing complexity of UK banking relationships, was made in protest at the role played by BZW, Barclays' investment banking arm, as adviser to Mr Asher Edelman, the US arbitrageur who has said that he is considering a bid for Storehouse.

Mr Michael Julien, Storehouse's chief executive, said: "We are sorry to take this step but enough is enough." He said his company had made it clear to Barclays for several months that it objected to BZW supporting "someone who has conducted a public campaign of denigration against Storehouse and its management which is damaging staff morale and doing the company harm."

Barclays bank said: "We are sorry to learn of Mr Julien's decision which we feel was not justified by the circumstances."

Storehouse, created by Sir Terence Conran, has been under siege from Mr Edelman since Christmas.

On March 31 Mr Edelman issued a statement saying he was contemplating making a bid for Storehouse. This meant that an "offer period" had begun under Take-over Panel rules although Storehouse has not had an offer from Mr Edelman.

Under Panel rules Storehouse was obliged to tell shareholders of this statement and over the weekend Sir Terence wrote a letter to Storehouse shareholders which is not being released publicly. This is thought to condemn Mr Edelman's past record as an arbitrageur.

Mr Edelman, who heads a group of investors which has built a 7.8 per cent stake in the group, twice wrote to Storehouse asking for a meeting to discuss ways he believed shareholder value could be enhanced, in December and January. Storehouse refused. Mr Edelman appointed BZW to advise him on his Storehouse stake in December. He has also hired Mr Dennis Bookshester, a US retailer, to run Storehouse should he make a successful bid. Mr Bookshester had worked for Carson Pirie Scott, a Chicago based retailer, but is understood to have left last year after disagreements with the chairman.

Storehouse asked for, and received, a letter from Mr John Quinton, Barclays chairman, assuring the group that the bank would not help finance a bid. Mr Julien said yesterday that he felt that the letter was legally binding and had no time limit.

The final straw appears to have been an attack last Wednesday by Mr Edelman on the property joint venture that Storehouse had set up with London and Edinburgh Trust, a property group, to redevelop some of the BhS stores. This deal, Mr Edelman said, reduced Storehouse's value.

Mr Julien said that the three top people at BZW were on the banks' chairmans' committee – a link which Mr Julien believes prevents BZW from being run as a truly independent company.

Barclays Bank said that the clearing bank and BZW operated as independent units within the group and each owed a duty of loyalty to their customers. While the clearing bank had said it would not finance a bid, BZW had "maintained its separate duty to Mr Edelman as his corporate finance adviser".

Midland Bank said it was delighted that Storehouse had nominated it as its lead bank, and said it had told Mr Julien it would "stand by" the company in the event of a bid. Although Midland also has an investment banking arm in the form of Samuel Montagu, its in-house merchant bank, it claims to be able to manage relationships with fewer conflicts than Barclays.

British bank slims for expansion

David Barchard examines the latest streamlining at the TSB Group

Last week's announcement by TSB Group, Britain's fifth largest banking and financial services group, of a streamlined management structure is likely to make the job of tracking the company's huge variety of operations a slightly less baffling task.

TSB is to shed 14 of its 31 group directors and disband all its regional boards in England and Wales. But that will still leave the bank with 13 officials designated as chief executives.

TSB has, for example, no fewer than six different mortgage-lending arms.

The regrouping of TSB into three divisions, which began last year, has received fresh impetus since Sir Nicholas Goodison, former Stock Exchange chairman, arrived as group chairman in January.

Sir Nicholas has taken over firmly and is pushing hard for organisational restructuring and integration. By integrating all the group's banking operations under a single chief executive, he has already gone beyond the reorganisation announced last April.

Increased competition in the retail financial services market – where TSB considers itself strongest – and the impact of higher interest rates may have accelerated the changes.

Two weeks ago Sir Nicholas took the unusual step of warning shareholders at their annual general meeting that the interim results, due in three months, are likely to be down on last year.

He also emphasised the long-term gains which he believed would come from the group's reorganisation.

From May 1, TSB will consist of three divisions - banking, insurance and investment services, and commercial activities. Hill Samuel, the London merchant bank which TSB acquired in October 1987, has now been absorbed.

ANALYSIS OF BANK ADVANCES AND ACCEPTANCES*

To UK residents by reporting institutions in the UK at April 12,1989 (table 5, Bank of England Quarterly Bulletin)§§

Amounts outstanding (sterling and other currencies, sterling only in italics) All monthly reporters £m		Total to UK Residents	Agriculture forestry & fishing	Energy and water supply: Oil and extraction of natural gas	Other energy industries	Water supply	Manufacturing industry: Total	Extraction of minerals & ores	Metal manufacturing	Mineral products
Loans and advances										
1988	NOV	289,165	6,467	2,851	581	90	35,416	659	1,170	1,000
1989	FEB	308,372	6,382	3,088	615	106	36,007	742	1,208	1,016
Acceptances										
1988	NOV	15,468	64	303	142	9	5,140	60	286	96
1989	FEB	18,354	67	237	181	11	5,930	89	283	101
Total										
1988	NOV	304,633	6,530	3,156	723	99	40,556	719	1,456	1,096
1989	FEB	326,726	6,450	3,324	696	117	41,936	832	1,491	1,116
Of which in sterling										
1988	NOV	*251,335*	*6,461*	*1,339*	*517*	*98*	*31,079*	*338*	*1,021*	*765*
1989	FEB	*265,540*	*6,356*	*1,462*	*440*	*116*	*32,184*	*418*	*1,099*	*895*
Changes in total lending in sterling three months ended:										
1988	NOV†	13,800	- 11	74	169	- 2	317	38	146	- 93
1989	FEB‡	14,205	-105	123	- 77	18	1,105	80	78	- 71
In other currencies (Adjusted for exchange rates effects)										
1988	NOV	6,541	14	46	64	1	2,503	46	148	-23
1989	FEB	4,9 51	20	- 49	38		- 224	13	- 65	72
Group detail Total outstanding (Sterling and other currencies) of which in sterling										
Retail banks										
1988	NOV	157,903 *150,463*	6,117	878	357	32	20,293	314	705	520
1989	FEB	168,300 *159,714*	6,059	853	367	45	21,639	381	720	585

Amounts outstanding (sterling and other currencies, sterling only in italics)		Manufacturing industry (Continued): Chemical industry	Mechanical engineering	Electrical & electronic engineering	Motor vehicles	Other transport equipment**	Other engineering and metal goods	Food drink & tobacco	Textiles leather clothing and footwear	Other manufacturing
Loans and advances										
1988	NOV	1,800	2,409	3,928	896	1,495	2,347	7,579	2,228	9,906
1989	FEB	2,035	2,479	4,138	971	1,544	2,322	6,579	2,411	10,559
Acceptances										
1988	NOV	284	194	667	374	90	180	1,693	273	932
1989	FEB	357	253	768	493	63	193	2,161	317	853
Total										
1988	NOV	2,094	2,603	4,596	1,269	1,585	2,527	9,272	2,500	10,839
1989	FEB	2,392	2,733	4,906	1,464	1,607	2,515	8,740	2,728	11,413
Of which in sterling										
1988	NOV	*1,679*	*2,019*	*3,534*	*1,011*	*1,439*	*2,005*	*7,806*	*2,087*	*7,374*
1989	FEB	*1,887*	*2,150*	*3,671*	*1,196*	*1,414*	*2,060*	*7,253*	*2,277*	*8,065*
Changes in total lending in sterling three months ended:										
1988	NOV	- 44	- 14	- 24	81	37	26	- 439	-142	746
1989	FEB	208	132	136	184	-25	55	- 554	189	692
In other currencies (Adjusted for exchange rates effects)										
1988	NOV	40	147	403	93	-20	105	-119	75	1,606
1989	FEB	66	- 33	116	- 3	37	- 92	- 55	16	- 295
Group detail Total Outstanding (Sterling & Other Currencies) Retail banks										
1988	NOV	1,098	1,607	2,490	403	1,081	1,646	4,215	1,458	4,757
1989	FEB	1,283	1,739	2,804	505	1,151	1,780	4,001	1,612	5,087

Amounts outstanding (sterling and other currencies, sterling only in italics)		Construction	Garages, distribution, hotels and catering: Total	Retail motor trades	Other retail distribution	Wholesale distrib.	Hotels & catering	Transport & communications: Air transport	Other transport	Postal services & telecommunications
Loans and advances										
1988	NOV	*10,364*	29,766	*3,013*	*8,699*	*10,978*	7,076	*536*	3,599	907
1989	FEB	11,829	32,260	3,297	8,709	11,433	8,820	569	3,713	1,088
Acceptances										
1988	NOV	356	2,964	158	1,361	1,368	78	7	71	77
1989	FEB	336	3,492	231	1,475	1,595	191	19	98	288
Total										
1988	NOV	10,721	32,730	3,172	10,061	12,343	7,154	543	3,670	984
1989	FEB	12,165	35,752	3,529	10,184	13,028	9,011	588	3,811	1,376
Of which in sterling										
1988	NOV	*9,810*	*25,287*	*3,143*	*9,502*	*6,349*	*6,202*	*342*	*2,603*	*668*
1989	FEB	*11,208*	*26,938*	*3,492*	*9,737*	*6,697*	*7,018*	*378*	*2,684*	*1,093*
Changes in total lending in sterling three months ended:										
1988	NOV	849	1,773	61	839	339	546	- 5	104	115
1989	FEB	1,398	1,651	349	144	341	816	36	81	425
In other currencies (Adjusted for exchange rates effects)										
1988	NOV	279	440	- 10	37	355	58	- 58	85	167
1989	FEB	- 1	966	8	-44	26	966	- 2	3	- 50
Group detail Total Outstanding (Sterling & Other Currencies) Retail banks										
1988	NOV	7,087	17,127	2,011	6,754	3,832	4,519	164	1,543	440
1989	FEB	8,173	18,650	2,257	6,858	3,949	5,585	157	1,845	767

Amounts outstanding (sterling and other currencies, sterling only in italics)		Financial: Total	Building societies	Investment and unit trusts	Insurance companies and pension funds	Leasing	Securities dealers §§	Other financial ¶ ‡‡ ♦	Business & other services: Total	Central & local govt. services	Property companies	Hiring of movables	Other services	Persons: House purchase ‡‡	Other
Loans and advances															
1988	NOV	75,144	8,759	6,737	3,252	10,112	13,230	33,084	45,144	1,654	21,252	997	21,351	44,877	33,622
1989	FEB	81,951	7,206	7,667	3,282	10,650	16,788	36,327	50,309	1,658	23,570	1,051	24,022	46,113	34,399
Acceptances															
1988	NOV	5,432	-	-	39	87	1,169	4,150	904	-	45	73	788	-	-
1989	FEB	6,640	-	-	32	60	1,278	5,229	1,046	-	79	945	-	-	-
Total															
1988	NOV	80,576	8,759	6,776	3,219	11,281	15,236	37,204	46,048	1,554	21,277	1,070	22,147	44,677	33,622
1989	FEB	88,642	7,206	7,618	3,363	12,097	16,837	41,507	51,354	1,668	23,600	1,130	24,968	46,113	34,399
Of which in sterling															
1988	NOV	*53,530*	*8,612*	*4,756*	*2,464*	*10,674*	*8,785*	*25,360*	*41,576*	*1,517*	*20,045*	*882*	*19,571*	*44,648*	*32,390*
1989	FEB	*57,768*	*6,972*	*4,948*	*2,743*	*11,153*	*3,349*	*27,664*	*46,259*	*1,605*	*22,245*	*1,052*	*21,357*	*46,059*	*34,146*
Changes in total lending in sterling three months ended:															
1988	NOV	3,311	-	377	59	536	592	1,749	3,279	35	2,153	70	1,022	2,790	1,037
1989	FEB	2,628	-380	194	249	639	-438	1,024	4,684	88	2,200	61	2,336	1,482	756
In other currencies (Adjusted for exchange rates effects)															
1988	NOV	2,395	-	-37	-40	111	80	850	1,442	575	21	189	26	339	8
1989	FEB	5,962	-	77	320	-224	184	1,400	1,096	378	13	58	-4	311	21
Group detail Total Outstanding (Sterling & Other Currencies) Retail banks															
1988	NOV	16,845	549	3,677	1,321	2,829	1,946	5,922	23,981	425	9,677	481	13,398	38,196	24,841
1989	FEB	18,087	1,111	4,510	1,283	2,779	1,943	6,481	26,886	440	10,656	528	14,965	39,707	25,293

* Comprises loans, advances and acceptances. Loans and advances include lending under the DTI special scheme for domestic shipbuilding, secured call money placed with Stock Exchange money brokers and gilt-edged market makers, and time deposits placed with, and holdings of certificates of deposit and other securities issued by, building societies.
† Changes in the reporting population to 1988 november 1988 accounted for a reduction of some £6 million (net) in total sterling lending; other currency lending was increased by some £15 million.
‡ Changes in the reporting population to February 1989 accounted for a reduction of some £8 million (net) in total sterling lending; other currency lending was reduced by some £4 million.
** Includes lending under the DTI special scheme for domestic shipbuilding.
§ Includes time deposits placed with, and holdings of certificates of deposit and other securities issued by, building societies.
§§ Includes Stock Exchange money brokers, gilt-edged market makers, broker dealers and inter-dealer brokers.
¶ The bulk of the movements within "other financial" during the three months to end-August 1988 were due to two factors: firstly, the restructuring of intra-group funding by one bank, which caused a switch in lending of some £0.6 billion from "house purchase" to "other financial"; secondly, the acquisition of a mortgage company by one bank from another caused a movement of some £0.9 billion from the "American" to the "other overseas" bank groups.
‡‡ Due to intra-group restructuring in the quarter to end-1988 november 1988, the amounts outstanding in "house purchase" and "other financial" have been affected. The main effects were to increase "other financial" by some £1.5 billion in the "retail" banks group, and to decrease "house purchase" by some £1.5 billion in the "other british" banks group. The changes have been adjusted to reflect the underlying movements.
♦ Changes in arrangements for the financing of certain banks' consumer and leasing credit activities may have led to an increase in sterling lending over the four months from 1 1988 november 1988. In the quarter to end-1988 november 1988 this probably increased sterling lending to "other financial" by some £0.3 - £0.4 billion, and during the quarter to end-February 1989 by some £0.4 - £0.5 billion.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, April 17, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Afghanistan (Afghani)	99.25	57.8717	31.1616	43.8674
Albania (Lek)	10.1619	5.9253	3.1905	4.4914
Algeria (Dinar)	11.7476	6.8499	3.6884	5.1923
Andorra (Fr Fr)	10.7800	6.2857	3.3846	4.7646
(Sp Peseta)	197.50	115.1603	62.0094	87.2928
Angola (Kwanza)	51.3625	29.9489	16.1263	22.7016
Antigua (E Carr $)	4.6089	2.6874	1.4470	2.0370
Argentina (Austral)	88.095	51.3673	27.6593	38.9370
Aruba (Florin)	3.0555	1.7816	0.9593	1.3504
Australia (Aus $)	2.1018	1.2255	0.6599	0.9289
Austria (Schilling)	22.315	13.0116	7.0062	9.8629
Azores (Port Escudo)	262.80	153.2361	82.5117	116.1546
Bahamas (Bahama $)	1.7150	1	0.5384	0.7580
Bahrain (Dinar)	0.6441	0.3755	0.2022	0.2846
Balearic Is (Sp Peseta)	197.50	115.1603	62.0094	87.2928
Bangladesh (Taka)	53.33	31.0962	16.7441	23.5712
Barbados (Barb $)	3.4333	2.0019	1.0779	1.5174
Belgium (Belg Fr)	66.65c	38.8629	20.9262	29.4585
	67.00g	39.0670	21.0361	29.6132
Belize (B $)	3.4140	1.9906	1.0718	1.5089
Benin (CFA Fr)	539.00	314.2857	169.2307	238.2320
Bermuda (Bermudian $)	1.7150	1	0.5384	0.7580
Bhutan (Ngultrum)	26.62	15.5218	8.3579	11.7657
Bolivia (Boliviano)	4.3529	2.5381	1.3666	1.9239
Botswana (Pula)	3.4725	2.0247	1.0902	1.5348
Brazil (Cruzado)	1.7079	0.9958	0.5362	0.7548
British Virgin Is (US $)	1.7150	1	0.5384	0.7580
Brunei (Brunei $)	3.3288	1.9409	1.0451	1.4712
Bulgaria (Lev)	1.4956	0.8720	0.4695	0.6610
Burkina Faso (CFA Fr)	539.00	314.2857	169.2307	238.2320
Burma (Kyat)	11.4112	6.6537	3.5827	5.0436
Burundi (Burundi Fr)	262.50	153.0612	82.4175	116.0220
Cameroon (CFA Fr)	539.00	314.2857	169.2307	238.2320
Canada (Canadian $)	2.0330	1.1854	0.6383	0.8985
Canary Is (Sp Peseta)	197.50	115.1603	62.0094	87.2928
Cp. Verde Is (CV Escudo)	130.4575	76.0685	40.9599	57.6607
Cayman Is (CI $)	1.4168	0.8261	0.4448	0.6262
Cent. Afr. Rep (CFA Fr)	539.00	314.2857	169.2307	238.2320
Chad (CFA Fr)	539.00	314.2857	169.2307	238.2320
Chile (Chilean Peso)	433.60	252.8279	136.1381	191.6464
China (Renminbi Yuan)	6.2864	3.6655	1.9737	2.7785
Colombia (Col Peso)	621.76	362.5422	195.2150	274.8110
Comoro Is (CFA Fr)	539.00	314.2857	169.2307	238.2320
Congo (Brazz) (CFA Fr)	539.00	314.2857	169.2307	238.2320
Costa Rica (Colon)	135.1091	78.7808	42.4204	59.7167
Cuba (Cuban Peso)	1.3001	0.7580	0.4081	0.5746
Cyprus (Cyprus £)	0.8110	0.4728	0.2546	0.3584
Czechoslovakia (Koruna)	25.53c	14.8862	8.0156	11.2839
	16.55l	9.6501	5.1962	7.3149
	16.55t	9.6501	5.1962	7.3149
Denmark (Danish Kroner)	12.3875	7.2230	3.8893	5.4751
Djibouti Rep (Djib Fr)	300.00	174.9271	94.1915	132.5966
Dominica (E Carrib $)	4.6089	2.6874	1.4470	2.0370
Dominican Rep (D Peso)	10.8395	6.3204	3.4032	4.7909
Ecuador (Sucre)	765.26o	446.2157	240.2700	338.2364
	855.85a	499.0379	268.7127	378.2762
Egypt (Egyptian £)	4.2500	2.4781	1.3343	1.8784
El Salvador (Colon)	8.540	4.9795	2.6813	3.7745
Equat'l Guinea (CFA Fr)	539.00	314.2857	169.2307	238.2320
Ethiopia (Ethiopian Birr)	3.5089	2.0460	1.1016	1.5508
Falkland Is (Falk £)	1.00	0.5830	0.3139	0.4419
Faroe Is (Danish Kroner)	12.3875	7.2230	3.8893	5.4751
Fiji Is (Fiji $)	2.4810	1.4466	0.7789	1.0965
Finland (Markka)	7.1010	4.1405	2.2295	3.1385
France (Fr)	10.7800	6.2857	3.3846	4.7646
Fr. Cty/Africa (CFA Fr)	539.00	314.2857	169.2307	238.2320
Fr. Guiana (Local Fr)	10.7800	6.2857	3.3846	4.7646
Fr. Pacific Is (CFP Fr)	192.00	111.9533	60.2825	84.8618
Gabon (CFA Fr)	539.00	314.2857	169.2307	238.2320
Gambia (Dalasi)	10.9248	6.3701	3.4300	4.8286
Germany East (Ostmark)	3.1850	1.8571	1	1.4077
Germany West (DMark)	3.1850	1.8571	1	1.4077
Ghana (Cedi)	447.00	260.6413	140.3453	197.5690
Gibraltar (Gib £)	1.00	0.5830	0.3139	0.4419
Greece (Drachma)	270.73	157.8600	85.0015	119.6596

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Greenland (Danish Krone)	12.3875	7.2230	3.8893	5.4751
Grenada (E Carr $)	4.6089	2.6874	1.4470	2.0370
Guadaloupe (Local Fr)	10.7800	6.2857	3.3846	4.7646
Guam (US $)	1.7150	1	0.5384	0.7580
Guatemala (Quetzal)	4.7171	2.7504	1.4810	2.0849
	-			
Guinea (Fr)	512.10	298.6005	160.7849	226.3425
Guinea-Bissau (Peso)	1109.55	646.9679	348.3673	490.4088
Guyana (Guyanese $)	51.17	29.8367	16.0659	22.6165
Haiti (Goude)	8.5350	4.9766	2.6797	3.7723
Honduras (Lempira)	3.4240	1.9965	1.0750	1.5133
Hong Kong (HK $)	13.2970	7.7533	4.1748	5.8771
Hungary (Forint)	102.6249	59.8395	32.2213	45.3590
Iceland (Icelandic Krona)	89.80	52.3615	28.1946	39.6906
India (Indian Rupee)	26.62	15.5218	8.3579	11.7657
Indonesia (Rupiah)	3004.41	1751.8425	943.2998	1327.9160
Iran (Rial)	120.60	70.3206	37.8649	53.3038
Iraq (Iraqi Dinar)	0.5300	0.3090	0.1664	0.2342
Irish Rep (Punt)	1.1935	0.6959	0.3747	0.5275
Israel (Shekel)	3.10	1.8075	0.9733	1.3701
Italy (Lira)	2337.50	1362.9737	733.9089	1033.1491
Ivory Coast (CFA Fr)	539.00	314.2857	169.2307	238.2320
Jamaica (Jamaican $)	9.2035	5.3664	2.8896	4.0678
Japan (Yen)	226.25	131.9241	71.0361	100
Jordan (Jordanian Dinar)	0.9106	0.5309	0.2859	0.4024
Kampuchea (Riel)	171.50	100	53.8461	75.8011
Kenya (Kenya Shilling)	32.75	19.0962	10.2825	14.4751
Kiribati (Australian $)	2.1018	1.2255	0.6599	0.9289
Korea North (Won)	1.6558	0.9654	0.5198	0.7318
Korea South (Won)	1140.93	665.2653	358.2197	504.2784
Kuwait (Kuwaiti Dinar)	0.4974	0.2900	0.1561	0.2198
Laos (New Kip)	734.01	427.9941	230.4583	324.4243
Lebanon (Lebanese £)	873.99	509.6151	274.4081	386.2939
Lesotho (Maluti)	4.3350	2.5276	1.3610	1.9160
Liberia (Liberian $)	1.7150	1	0.5384	0.7580
Libya (Libyan Dinar)	0.5053	0.2946	0.1586	0.2233
Liechenstein (Swiss Fr)	2.8075	1.6370	0.8814	1.2408
Luxembourg (Lux Fr)	66.65	38.8629	20.9262	29.4585
Macao (Pataca)	13.7214	8	4.3081	6.0647
Madeira (Port Escudo)	262.80	153.2361	82.5117	116.1546
Malagasy Rep (MG Fr)	2453.00	1430.3206	770.1726	1084.1988
Malawi (Kwacha)	4.5440	2.6495	1.4266	2.0083
Malaysia (Ringgit)	4.6528	2.7130	1.4608	2.0564
Maldive Is (Rufiya)	14.8680	8.6693	4.6681	6.5714
Mali Rep (CFA Fr)	539.00	314.2857	169.2307	238.2320
Malta (Maltese £)	0.5805	0.3384	0.1822	0.2565
Martinique (Local Fr)	10.7800	6.2857	3.3846	4.7646
Mauritania (Ouguiya)	128.0250	74.6501	40.1962	56.5856
Mauritius (Maur Rupee)	25.05	14.6064	7.8649	11.0718
Mexico (Mexican Peso)	4124.75a	2405.1020	1295.0549	1823.0939
	4048.15d	2360.4373	1271.0047	1789.2375
Miquelon (Local Fr)	10.7800	6.2857	3.3846	4.7646
Monaco (French Fr)	10.7800	6.2857	3.3846	4.7646
Mongolia (Tugrik)	5.7278	3.3398	1.7983	2.5316
Montserrat (E Carr $)	4.6089	2.6874	1.4470	2.0370
Morocco (Dirham)	14.23	8.2973	4.4678	6.2895
Mozambique (Metical)	1210.30	705.7142	380	534.9392
Namibia (S A Rand)	4.3350	2.5276	1.3610	1.9160
Nauru Is (Australian $)	2.1018	1.2255	0.6599	0.9289
Nepal (Nepalese Rupee)	40.9680	23.8880	12.8627	18.1074
Netherlands (Guilder)	3.5900	2.0932	1.1271	1.5867
N'nd Antilles (A/Guilder)	3.0555	1.7816	0.9593	1.3504
New Zealand (NZ $)	2.7895	1.6265	0.8758	1.2329
Nicaragua (Cordoba)	11299.20	6588.4548	3547.6295	4994.1215
Niger Rep (CFA Fr)	539.00	314.2857	169.2307	238.2320
Nigeria (Naira)	12.6318	7.3654	3.9660	5.5831
Norway (Nor. Krone)	11.5725	6.7478	3.6334	5.1149
Oman (Rial Omani)	0.6576	0.3834	0.2064	0.2906
Pakistan (Pak. Rupee)	33.63	19.6093	10.5588	14.8640
Panama (Balboa)	1.7150	1	0.5384	0.7580
Papua New Guinea (Kina)	1.4435	0.8416	0.4532	0.6380
Paraguay (Guarani)	-			
	1729.10a	1008.2215	542.8885	764.2430

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Peru (Inti)	-			
	2573.15a	1500.3790	807.8963	1137.3038
Philippines (Peso)	35.12	20.4781	11.0266	15.5226
Pitcairn Is (£ Sterling)	1.00	0.5830	0.3139	0.4419
(NZ $)	2.7895	1.6265	0.8758	1.2329
Poland (Zloty)	1073.30	625.8309	336.9858	474.3867
Portugal (Escudo)	262.80	153.2361	82.5117	116.1546
Puerto Rico (US $)	1.7150	1	0.5384	0.7580
Qatar (Riyal)	6.2206	3.6271	1.9530	2.7494
Reunion Is. de la (F/Fr)	10.7800	6.2857	3.3846	4.7646
Romania (Leu)	14.781	8.6180	4.6405	6.5325
Rwanda (Fr)	135.22	78.8454	42.4552	59.7657
St Christopher (E Carr $)	4.6089	2.6874	1.4470	2.0370
St Helena (£)	1.00	0.5830	0.3139	0.4419
St Lucia (E Carr $)	4.6089	2.6874	1.4470	2.0370
St Pierre (French Fr)	10.7800	6.2857	3.3846	4.7646
St Vincent (E Carr $)	4.6089	2.6874	1.4470	2.0370
San Marino (Italian Lira)	2337.50	1362.9737	733.9089	1033.1491
Sao Tome (Dobra)	173.6876	101.2755	54.5329	76.7680
Saudi Arabia (Riyal)	6.4133	3.7395	2.0135	2.8346
Senegal (CFA Fr)	539.00	314.2857	169.2307	238.2320
Seychelles (Rupee)	9.3500	5.4518	2.9356	4.1325
Sierra Leone (Leone)	71.70	41.8075	22.5117	31.6906
Singapore ($)	3.3288	1.9409	1.0451	1.4712
Solomon Is ($)	3.7735	2.2002	1.1847	1.6678
Somali Rep (Shilling)	406.27	236.8921	127.5572	179.5668
South Africa (Rand)	4.3350c	2.5276	1.3610	1.9160
	6.8778g	4.0103	2.1594	3.0399
Spain (Peseta)	197.50	115.1603	62.0094	87.2928
Spanish Ports in N Africa (Sp Peseta)	197.50	115.1603	62.0094	87.2928
Sri Lanka (Rupee)	57.58	33.5743	18.0784	25.4497
Sudan Rep (£)	7.6815	4.4790	2.4117	3.3951
Surinam (Guilder)	3.0470	1.7766	0.9566	1.3467
Swaziland (Lilangeni)	4.3350	2.5276	1.3610	1.9160
Sweden (Krona)	10.8425	6.3221	3.4042	4.7922
Switzerland (Fr)	2.8075	1.6370	0.8814	1.2408
Syria (£)	35.8470	20.9020	11.2549	15.8439
Taiwan ($)	46.35	27.0262	14.5525	20.4861
Tanzania (Shilling)	230.80	134.5772	72.4646	102.0110
Thailand (Baht)	43.14	25.1545	13.5447	19.0674
Togo Rep (CFA Fr)	539.00	314.2857	169.2307	238.2320
Tonga Is (Pa Anga)	2.1018	1.2255	0.6599	0.9289
Trinidad/Tobago ($)	7.2548	4.2302	2.2778	3.2065
Tunisia (Dinar)	1.6033	0.9348	0.5033	0.7086
Turkey (Lira)	3492.27	2036.3090	1096.4740	1543.5447
Turks & Caicos (US $)	1.7150	1	0.5384	0.7580
Tuvalu (Australian $)	2.1018	1.2255	0.6599	0.9289
Uganda (New Shilling)	339.5052	197.9622	106.5950	150.0575
U A E (Dirham)	6.2808	3.6622	1.9719	2.7760
United Kingdom (£)	1.00	0.5830	0.3139	0.4419
United States (US $)	1.7150	1	0.5384	0.7580
Uruguay (Peso)	894.37	521.4985	280.8069	395.3016
USSR (Rouble)	1.0649	0.6209	0.3343	0.4706
Vanuatu (Vatu)	181.00	105.5393	56.8288	80
Vatican (Lira)	2337.50	1362.9737	733.9089	1033.1491
Venezuela (Bolivar)	65.2074	38.0218	20.4732	28.8209
	-			
	-			
Vietnam (Dong)	7681.50	4479.0037	2411.7739	3395.1381
Virgin Is-British (US $)	1.7150	1	0.5384	0.7580
Virgin Is-US (US $)	1.7150	1	0.5384	0.7580
Western Samoa (Tala)	3.7383	2.1797	1.1737	1.6522
Yemen (Rial)	16.65	9.7084	5.2276	7.3591
Yemen PDR (Dinar)	0.5855	0.3413	0.1838	0.2587
Yugoslavia (Dinar)	15721.28	9166.9271	4936.0376	6948.6320
Zaire Rep (Zaire)	578.75	337.4635	181.7111	255.8011
Zambia (Kwacha)	17.25	10.0583	5.4160	7.6243
Zimbabwe ($)	3.44	2.0058	1.0800	1.5204

Special Drawing Rights April 14, 1989 United Kingdom £0.764848 United States $1.29657 Germany West D Mark 2.43509 Japan Yen171.536 European Currency Unit Rates April 17, 1989 United Kingdom £0.654973 United States $1.11902 Germany West D Mark 2.07925 Japan Yen147.744

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday, April 17, 1989.

INTERNATIONAL CAPITAL MARKETS

Japanese tokkin funds hit by change in regulations

By Stefan Wagstyl in Tokyo

REGULATORY changes have hit the popularity of tokkin funds, specialised investment funds which were once hugely popular with investment institutions in Tokyo.

Investors are taking money out of the stock market altogether, investing more in stocks of their own choice, or switching to investment trusts. The change could hurt trust banks, which manage tokkin funds, while benefiting securities companies, which manage investment trusts.

The total balance of tokkin funds fell last month by Y1,000bn ($7.6bn) – the largest ever monthly fall. By comparison, the flow of funds into large-scale investment trusts – those where the minimum investment is Y5m and which are aimed at institutional investors – soared to Y660bn, against a monthly average last year of Y230bn.

The main reason for the switch is a change in accounting rules implemented by the Ministry of Finance earlier this year, aimed at stopping banks from window-dressing their financial statements.

Until this year banks were allowed to include in their operating profits various kinds of investment return, including gains from tokkin funds – which are paid as dividends, not capital gains.

However, the MoF forced the banking industry to rewrite the rules to make accounts more transparent. This diminished the popularity of tokkin funds for banks, which are among the largest own-account institutional investors.

Another reason for the diminished popularity of the funds is the steady spread of market-related lending by banks, which has raised borrowing costs. It is no longer as worthwhile for industrial companies to borrow money at a bank and invest the proceeds in the markets via tokkin funds. And with continued strong economic growth companies are increasing investment in plant and equipment at a faster rate than expected, resulting in less surplus cash for the capital markets.

The balance on tokkin funds has been in decline for some time, falling from Y18,900bn in December 1987 to Y14,700bn in December 1988. By comparison, investment trusts continued to expand, with their balance at the end of last month at Y53,914bn, of which about 10 per cent was in large-scale funds.

French Ecu woos small investor

By George Graham in Paris

FRANCE'S Ecu1bn issue, the largest ever in the eight-year-old market, will open for subscription today with the Government making a determined effort to place the bonds with private individuals.

A banking syndicate led by Banque Paribas, leader in the Ecu section of the Euromarket, and by Crédit Lyonnais will place the bond in France and overseas, with an advertising campaign designed to encourage individual subscribers.

Mr Pierre Bérégovoy, the Finance Minister, said yesterday: "By this operation I want the Ecu market to open up to individuals, in the best possible conditions of remuneration and security."

The bond will be issued in the form of an Obligation Assimilable du Trésor (OAT), thus allowing later tranches to be issued. It will have a maturity of eight years and an annual coupon of 8.5 per cent. Sold in units of Ecu500, at a price of Ecu496.50 or 99.1 per cent of par, they will yield 8.66 per cent.

Mr Bérégovoy said, however, that no further tranches were planned for the time being.

French investors have been allowed to hold bank accounts in Ecus since the abolition of most exchange controls last month. The Government has provided for those who have not yet opened an Ecu account to pay for their bonds in francs, without any exchange fee or commission.

They will also be able to receive their coupon payments and the repayment of principal in francs, calculated at the middle rate of the Paris fixing two days before each payment.

The Ecu bond will be treated as domestic debt and will be listed on the Paris bourse. French government bond primary dealers are committed to making a market in the bond, which could be less illiquid than most other Ecu bonds because of its size.

Mr Bérégovoy dismissed concerns that the recomposition of the Ecu later this year, with the possible inclusion for the first time of the Spanish peseta and the Portuguese escudo, might destabilise the French franc-Ecu rate.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on April 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	*92⅛	92⅝	0	0	10.62
B.F.C.E. 7 92	150	91¾	92¼	+0¼	+0¼	10.27
B.F.C.E. 9¼ 95	150	95⅞	96⅜	+0¼	-0¼	10.06
Brit. Tel. Fin. 9⅞ 98	250	96	96½	0	-0¼	9.98
Canada 9 96	1000	96¼	96¾	0	-0⅛	9.71
Canadian Pac 10¼ 93	100	—	—	—	—	—
C.C.C.E 9¼ 95	300	96½	96⅞	+0⅛	+0⅛	10.03
C.N.C.A 9⅛ 93	150	97	97½	0	-0⅛	7.10
Credit Lyonnais 9 91	200	†97⅛	97⅝	0	-0¼	10.43
Credit National 8¼ 93	200	93⅞	94⅜	+0⅛	+0⅛	10.10
Credit National 7¾ 92	100	92¼	92⅝	0	-0⅛	10.39
Credit National 9½ 92	160	98½	99	0	-0¼	9.93
Dai-Ichi Kan 9⅝ 92	150	97½	98	0	-0¼	10.39
Denmark 7⅝ 92	500	91¾	92¼	0	-0⅛	10.46
E.E.C. 7 91	100	92⅞	93⅜	0	0	10.19
E.E.C. 7¼ 93	250	91⅛	91⅝	+0⅛	+0⅛	10.07
E.E.C. 8 90	350	*96⅞	96⅞	0	0	10.67
E.I.B. 7⅝ 93	100	90⅞	91⅜	+0⅛	+0⅛	10.08
E.I.B. 9⅞ 97	150	96⅞	97¼	+0⅛	+0½	9.90
Elec. De France 9 98	200	94½	95	+0⅛	+0⅛	9.91
Finland 7⅞ 97	200	88¼	88⅞	0	-0⅛	10.06
Finn. Exp. Cd. 8½ 92	200	95	95½	0	-0¼	10.46
Finn. Exp. Cd. 9⅞ 95	200	96½	96⅞	+0⅛	+0⅛	10.14
Ford Motor Credit 8 91	250	†95⅜	96⅛	0	0	10.46
Gen. Elec. Cap. Corp. 9 93	500	†95½	96	0	-0⅛	10.17
Gen. Elec. Cap. Crp. 10 1/2/91	300	100	100⅛	—	—	10.40
Gen. Mtrs. Corp. 9⅛ 92	200	96¼	96⅜	0	0	10.42
Halifax BS 9½ 93	200	*†97⅛	97¼	0	0	10.36
IBM Credit Corp. 8⅞ 91	250	96⅞	97⅜	0	-0⅛	10.17
IBM Credit Corp. 9½ 92	250	98⅞	99	0	-0⅛	10.05
Italy 9½ 95	1000	97	97⅜	0	-0⅛	10.07
Italy 9⅝ 99	1000	†96⅛	97¼	-0¼	-0⅛	10.11
L.T.C.B of Japan 8 91	100	94¾	95⅛	0	0	10.62
L.T.C.B. of Japan 9¼ 92	200	96⅞	97⅛	0	0	10.31
Metropolis Tokyo 9½ 93	200	97⅞	98⅛	-0⅛	-0⅛	10.18
Nippon Tel. & Tel. 9⅞ 98	250	96⅞	96⅞	+0⅛	0	9.92
Norway 8¼ 93	500	95⅞	96	-0⅛	-0⅛	10.16
Portugal 8¼ 91	300	†95⅞	96	0	-0⅛	10.79
Prudential Crp. 8⅞ 94	125	94⅞	95⅜	0	+0¼	9.97
Qantas Airways 10⅛ 95	140	†100⅛	101⅛	0	0	10.13
Saskatchewan 10⅛ 92	100	†100⅜	101⅛	0	0	10.36
State Bk S Aust 9⅛ 93	100	†96⅞	96⅞	+0⅛	+0⅛	10.34
Sumitomo Bank 9⅝ 92	150	†97⅛	98	0	-0⅛	10.39
Swed Exp Cred 7¼ 91	100	†93	93½	0	0	10.24
Sweden 7 91	250	92¾	93¼	0	-0⅛	10.31
Sweden 8⅛ 96	200	93¾	94⅝	-0⅛	-0⅛	9.98
Sweden 8½ 92	200	†95	95½	0	0	10.21
Toyota 9½ 91	200	97½	98	0	0	10.46
Victorian Rep 11⅜ 92	150	102⅛	103⅛	+0⅛	+0⅛	10.41
World Bank 7 92	300	†92⅛	92⅞	0	-0⅛	10.15
World Bank 9 97	300	94⅝	95	0	+0⅛	9.94
World Bank 9¼ 98	300	96¼	96½	+0⅛	+0⅛	9.83
World Bank 9⅝ 99	500	†97⅛	98⅛	-0⅛	-0⅛	9.96
Yasuda Trust Fin 8½ 93	100	*†94⅜	93⅞	0	0	10.43

Average price change... On day +0 on week -0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	96⅞	97⅜	-0⅛	-0⅞	6.62
Austria 6⅛ 99	750	†99	99⅛	+0⅛	0	6.87
Bank of Tokyo 5⅜ 93	100	97⅛	97⅜	0	+0⅛	6.50
Commerzbank o/s. 5⅜ 93	300	96	96½	0	-0⅛	6.53
Credit Foncier 6⅛ 97	500	†98⅞	99	+0⅛	-0⅛	7.90
Degussa Int. 6⅛ 97	200	95⅛	95⅝	-0⅛	-0⅛	6.85
E.I.B 5½ 98	150	90⅞	91⅜	-0⅛	0	6.85
E.I.B. 6⅛ 99	600	95⅛	95⅜	-0⅛	-0⅛	6.87
E.I.B. 6⅛ 96	300	96½	97	0	-0⅛	6.70
E.I.B. 6⅛ 99	300	†97⅛	97½	0	-0⅛	6.87
E.I.B. 6⅞ 95	300	100⅛	101	0	-0⅛	6.72
Euro. Coal & Steel 5⅞ 97	175	94½	95	+0⅛	-0⅛	6.76
Eurofima 6⅛ 96	100	97⅛	98	-0⅛	0	6.65
Elec De France 5⅜ 97	300	93⅛	93⅜	0	-0⅛	6.81
Forsmark Krtg. 5⅜ 93	200	94	94½	0	-0⅛	6.86
Hydro-Quebec 6⅛ 99	300	†99	99⅛	+0⅛	0	6.87
Japan Dev. Bk. 5⅜ 95	300	†94⅛	94⅝	+0⅛	+0⅛	6.53
Japan Finance 5⅜ 97	100	93⅛	93⅜	0	+0⅛	6.84
Ireland 6½ 97	300	97⅞	97⅞	+0⅛	0	6.89
Malaysia 6⅛ 94	150	99⅞	100⅛	-0⅛	-1	6.24
Nat. West BK. PLC 6 98	300	†93⅛	94⅛	-0⅛	-0⅛	6.91
N.H.L. Finance 6⅛ 95	200	†95⅛	95⅞	+0⅛	-0⅛	7.10
Nippon Tel. & Tel. 6 95	400	†97⅛	97⅛	0	-0⅛	6.26
Oesters. Kontbk. 5 93	300	96⅛	96⅝	+0⅛	+0⅛	6.09
Portugal 5⅜ 92	150	97⅛	98⅛	0	+0⅛	6.43
Portugal 6⅛ 95	150	98⅛	99	0	-0⅛	6.87
Privatbanken 5⅜ 93	150	95⅛	95⅛	-0⅛	0	6.60
Royal Insurance 5½ 92	150	97⅝	98⅛	+0⅛	+0⅛	6.30
Soc Cent Nucleur 7⅛ 95	150	100⅛	101	-0⅛	-0⅛	7.09
Turkey 6½ 95	500	†96½	97	-0⅛	-0⅛	7.18
Union Bk. Finland 5½ 94	200	†94½	95	+0⅛	+0⅛	6.82
Westlb. Finance 5 93	200	*95⅛	95⅛	0	-0⅛	6.42
World BK. 6⅛ 97	600	96⅞	97⅛	+0⅛	-0⅛	6.92

Average price change... On day 0 on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5 96	150	*†95½	95½	0	-1⅛	5.77
Asfinag 5 03	100	*†91⅛	91⅛	0	-1⅛	5.93
B.F.C.E. 4⅞ 98	200	*†90	90	0	-2⅛	5.93
B.M.W. Fin. Neth. 5 13	150	*†81⅛	81⅛	0	-6⅛	6.58
Britannia B/S. 4⅛ 94	100	*†92⅛	92⅛	0	-1⅛	6.07
CIR. Int. W/W 3 93	125	*†94⅛	94⅛	0	+1⅛	4.54
Credit Lyonnais 4⅛ 00	100	*†89	89	0	-1⅛	6.14
E.I.B 4⅜ 98	100	*†90⅛	90⅛	0	-1⅛	5.98
Fletcher Chall. 4⅞ 98	100	*†87⅛	87⅛	0	-2⅛	6.84
Kobe City 4⅜ 98	150	*†90⅛	90⅛	0	-2⅛	5.95
Leeds Perm. B/S. 4⅛ 93	200	*†92⅛	92⅛	0	+0⅛	6.31
Malaysia 5⅛ 98	100	*†93⅛	93⅛	0	-1⅛	6.23
Maxwell Comm. Crp. 5 95	150	*†93	93	0	-2⅛	6.40
Nat. Bk. Hungary 5½ 94	75	*†96	96	0	-1⅛	6.35
Nationwide Ang. B/S. 4 93	200	*†92⅛	92⅛	0	+0⅛	6.16
Nippon Tels. & Tel. 4⅛ 95	200	*†93⅛	93⅛	0	-0⅛	5.41
Oesters. Ktbk. 5 03	75	*†93⅛	93⅛	0	-0⅛	5.69
Prov. Newfoundland 5 03	100	*†93	93	0	-2⅛	5.71
Thailand 4⅝ 95	200	*†92⅛	92⅛	0	-1⅛	6.10
World Bank 5 03	150	*†95	95	0	-1	5.51

Average price change... On day 0 on week -1½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	101⅞	101⅞	-0⅛	0	5.10
Canada 5⅝ 93	80	101⅛	102	-0⅛	-0⅛	5.12
Eurofima 5 1995	20	99	99½	0	+0⅛	5.15
E.I.B. 4⅞ 93	30	98⅛	99½	0	-0⅛	5.20
Ireland 5⅛ 93	30	99⅞	100⅛	0	0	5.12
Norway 5⅛ 95	50	100½	100⅞	+0⅛	+0⅛	5.07
Sweden 4⅞ 93	50	97⅞	98⅛	0	0	5.18
World Bank 5½ 98	10	99	99½	-0⅛	-0⅛	5.29
World Bank 7 94	20	107⅞	108⅛	-0⅛	-0⅛	5.15

Average price change... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS 10⅛ 93 £	50	†95⅛	96⅛	+0⅛	-0⅛	11.62
Abbey Nat. 11⅛ 95 £	100	†98⅛	99⅛	+0⅛	+0⅛	11.88
Alg. Bk. Ned. 5½ 92 FL	150	95⅛	95⅞	+0⅛	+0⅛	7.25
Alg. Bk. Ned. 5⅜ 93 FL	200	95⅞	95⅞	-0⅛	-0⅛	6.76
Austria 7½ 94 ECU	100	†95⅛	95⅜	0	0	8.69
Barclays Aus. 13⅛ 91 A$	100	95⅛	96⅛	+0⅛	+0⅛	15.43
Belgium 8⅛ 94 Ecu	150	97⅛	97⅞	—	—	8.80
Barclays Aus. 13⅛ 91 A$	100	95⅛	96⅛	+0⅛	0	15.43
BP Capital 9⅛ 93 £	100	93⅛	94	+0⅛	0	11.80
British Airways 10 98 £	100	91½	92	+0⅛	-0⅛	11.52
Bohrmann-Tel. 6⅜ 93 FL	100	97⅛	97⅛	+0⅛	+0⅛	7.10
Comm. Bk. Aust. 12⅛ 93 A$	100	†92⅛	92⅞	+0⅛	+0⅛	14.13
Coop. Ctr. Rabo. 6⅛ 93 FL	100	98½	99	-0⅛	-0⅛	6.63
Cr. Local France 9⅛ 92 Ecu	100	101⅛	101⅛	—	—	8.67
Dixons 11 95 £	90	*†95⅛	95⅛	0	-0⅛	11.82
Deut. Bk. Aus. 13⅛ 93 A$	125	97⅛	98⅛	+0⅛	+0⅛	13.97
Eastman Kodak 13 90 A$	100	94⅛	94⅞	+0⅛	-0⅛	17.58
E.I.B. 7 96 LFr	100	†96⅛	97⅛	-0⅛	-0⅛	7.55
Elec. France 10⅛ 95 C$	125	†96½	97	+0⅛	+0⅛	10.99
Eurofima 7⅞ 94 Ecu	100	95⅛	95⅛	—	—	8.80
Fed. Bus. Dv. Bk. 9⅛ 92 C$	75	†95⅛	96⅛	+0⅛	+0⅛	11.36
Fed. Bus. Dev. Bk. 10⅛ 93	50	96⅛	97⅛	+0⅛	+0⅛	11.37
Ferrv. Stato 7⅞ 93 Ecu	100	95⅞	96⅛	—	—	8.90
Ford Cr. Can. 10⅛ 93 C$	100	†97⅛	98⅛	+0⅛	+0⅛	11.40
Ford Cred. Can. 10⅞ 96 C$	125	98	98⅛	+0⅛	+0⅛	11.27
Ford Mtr. Cred. 7⅞ 93 Ecu	100	96⅞	97⅞	—	—	8.78
G.M.A.C. 9⅞ 93 C$	150	†94⅛	94⅞	+0⅛	+0⅛	11.51
Hydro-Quebec 11 99 C$	400	99	99⅛	+0⅛	+0⅛	11.14
Lloyds Bank 10⅛ 98 £	150	92⅛	92⅞	+0⅛	-0⅛	11.69
Lloyds Bank 11⅛ 98 £	100	96	96⅛	+0⅛	-0⅛	12.03
Montreal Tst. 10⅛ 93 C$	100	†96⅛	97⅛	+0⅛	+0⅛	11.66
Morgan Guar. Tst. 11 91 C$	150	98⅛	99⅛	+0⅛	+0⅛	11.59
Nat. Aus. Bk. 14⅛ 94 A$	100	98	98⅛	+0⅛	0	15.28
Ned. Midd. Bank 6 92 FL	150	97	97½	+0⅛	+0⅛	7.06
New Zealand 9½ 93 £	100	92⅞	93⅛	+0⅛	+0⅛	11.81
Philips Gleoil. 6 93 FL	300	97⅛	97⅞	+0⅛	+0⅛	6.68
Privatbanken 7½ 94 LFr	500	†97⅞	98⅛	-0⅛	-0⅛	7.94
Royal Bk. Scot. 10⅛ 98 £	125	†94⅛	95	+0⅛	+0⅛	11.64
Saskatchewan 9⅞ 91 C$	150	†96½	97	+0⅛	+0⅛	11.53
Saskatchewan 10⅛ 93 C$	200	96½	96⅞	+0⅛	+0⅛	11.19
State Bk. NSW. 13⅞ 93 A$	100	94⅛	94⅛	+0⅛	-0⅛	15.64
Sweden 15 94 A$	100	101⅛	101⅛	+0⅛	-0⅛	14.49
Union Bk. Switz. 7½ 93	150	*†96⅛	96⅛	0	+0⅛	8.56
World Bank 5⅜ 92 FL	100	97⅞	98	0	0	6.61
World Bank 13⅛ 92 A$	100	†99	99½	0	-0⅛	13.61
Zentrspk. 13⅛ 93 A$	75	95⅛	96⅛	+0⅛	-0⅛	14.46

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.77	99.82	18/04	13.21
Belgium 91 US$	0	100.55	100.65	19/08	10
Chase Manhattan Crp. 91 US	0⅛	99.40	99.65	20/08	9.94
Chelt. & Gloucester 94	.063	99.80	99.84	30/05	13.47
Citicorp 98 US	0⅛	98.45	98.70	29/05	10.33
Credit Foncier 98 US	.063	99.96	100.06	20/04	8.44
EEC 3 92 DM	†0	100.85	100.95	20/08	6.72
Halifax BS 94 £	.1	99.93	99.98	6/05	13.07
Int. in Industry 94 £	†0⅛	99.96	100.06	24/05	13⅛
Leeds Perm. B/S. 94 £	0⅛	100.03	100.08	13/04	13.37
Midland Bank 01 £	.1	98.00	98.37	7/05	13.1
Milk Mkt. Brd. 5 93 £	†0⅛	99.92	99.97	30/12	12.06
New Zealand 5 97 £	.07	100.05	100.15	14/11	12.19
State Bk. Nsw. 98 US	.188	100.23	100.33	11/08	9.94
Woolwich Equit. BS. 93 £	0⅛	99.98	100.03	13/04	13.37
Woolwich 5 95 £	0⅛	99.91	99.96	19/05	13.12

Average price change... On day +0.05 on week +0.10

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6⅛ 02 US	8/87	62	114⅛	115⅛	+2	10.61
Amer. Brands 7⅛ 02 US	9/87	56.7	119⅛	120⅛	+0⅛	2.10
Ashikaga Bank 2⅛ 02 US	4/87	967	137	138	+0⅛	1.92
Asics 5 92 DM	12/83	472.7	242⅛	243⅛	+0⅛	-5.69
CBS. Inc. 5 02 US	4/87	200	97⅛	98⅛	+0⅛	5.51
Primerica 5½ 02 US	†4/87	66.75	64⅛	65⅛	+0⅛	106.61
Eng. China Clay 6⅛ 03 £	9/88	4.8	107⅛	108⅛	+0⅛	1.05
Fujitsu 3 99 US	5/84	1106	225⅛	226⅛	-0⅛	-1.94
Land Secs. 6⅛ 02 £	6/87	6.72	94	95	+0⅛	13.45
MCA Inc 5⅛ 02 US	9/87	69.62	93⅛	94⅛	-0⅛	16.86
Minolta Camera 2⅛ 94 DM	2/86	1004	116⅛	116⅛	-2⅛	4.68
Mitsubishi Bk. 2⅛ 02 US	9/87	3157	122⅛	124⅛	+3⅛	9.80
Mitsui Trust 2⅞ 01 US	10/86	1903	129⅛	130⅛	-0⅛	3.29
Next Plc 5⅛ 03 £	11/87	4.3	98⅛	99⅛	0	184.16
Nishi Nipp. Bk. 2⅞ 03 US	4/88	804	117⅛	118⅛	-0⅛	5.41
Onoda Tsteel 2⅞ 02 US	4/87	1318	245⅛	246⅛	+1⅛	-1.62
Ranks Hovis 4⅛ 03 £	1/88	3.5	113⅛	114⅛	-0⅛	4.06
Redland 7⅛ 02 £	1/87	5.4	100⅛	101⅛	+0⅛	3.69
Sandell & Sch. 6⅛ 03 £	10/89	4.41	93⅛	94⅛	0	44.44
Sumitomo Bank 3⅛ 04 US	2/89	4296	91⅛	92⅛	+2⅛	15.18
Texas Inst. 2⅛ 02 US	9/87	82.87	73⅛	74⅛	+0⅛	50.91
W.R. Grace 6⅛ 02 US	9/87	42.12	93⅛	94⅛	0	20.27

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Bankers Trust International; Kredietbank N.V.; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Bank Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring & Pierson; Credit Suisse; Bank of Tokyo International; Chemical Bank International; Citicorp International Bank; Daiwa Europe NV; LTCB International; Robert Flemming & Co; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Sanwa International; Samuel Montagu & Co.; Societe Generale Strauss Turnbull; Swiss Bank Corporation; UBS-Phillips & Drew; S.G. Warburg Securities; Wood Gundy

INTERNATIONAL CAPITAL MARKETS

Swiss cartel body attacks banks

By William Dullforce in Geneva

THE SWISS Cartel Commission yesterday called on the bond underwriting syndicate led by the three big Swiss banks to dismantle its rules and open the way for the formation of more *ad hoc* syndicates.

The commission's prescription was one of a series of recommendations that added up to a sweeping attack on the Swiss banks' cartel arrangements and restrictive practices. They would do away with or modify 18 existing agreements among the banks.

The banks have until the end of June to reply to the council's criticisms.

One proposal enjoins the syndicate, which this year has managed more than 80 per cent of Swiss franc issues, to abandon its "fidelity" clause, under which syndicate members agree not to join issuing syndicates organised by outsiders.

The commission also recommends the big syndicate to drop the rule which prevents a smaller bank from lead managing an issue, unless it has the approval of one of the big three. In addition, it calls for the abolition in its present form of the Admissions Board, which decides which bond issues should be listed on the stock exchange.

The board hindered competition by closing access to a stock exchange listing to certain borrowers, the Commission said. This proposal is especially important for underwriters seeking listings for companies without agency ratings.

Mr Jules Keller, executive vice president of Warburg Soditic, said the Cartel Commission's proposals would be "a step towards a realistic liberalisation of the (underwriting) market." But if the two principal recommendations to the big syndicate were applied, "one might well question why it should continue to exist."

Warburg Soditic, which organises *ad hoc* issuing syndicates, has been the principal competitor to the big three banks for the past five years.

The list of recommendations from the commission, if backed by the Federal Council, would:

- Do away with the domestic bank syndicate that underwrites bonds for the Treasury and other public agencies;
- Gradually get rid of the agreement by which the banks fix brokerage fees for trading on the bourses;
- Abolish restrictions on private placements of notes, or medium-term bonds;
- Nullify price fixing in foreign exchange dealing;
- Abolish an agreement governing custodian fees;
- Modify a convention on the distribution and use of Eurocheques.

The commission said that the plethora of cartel-like arrangements had worked more to the benefit of the big banks than the small and medium-sized institutes they were supposed to protect.

New issues go on hold ahead of US data

By Andrew Freeman

NEW ISSUE activity contracted sharply in quiet Eurobond markets yesterday. Traders said investors were unconvinced by Friday's unexpected rally on the US Treasury market and were waiting for today's US consumer price index figures before buying Eurodollar bonds.

Several sovereign borrowers are said to be waiting to bring deals if today's figures from the US are neutral or better than expected. However, syndicate managers remain sceptical about the depth of demand for dollar paper and think that any issues will have to be carefully priced.

Two Canadian dollar deals emerged yesterday, both aimed primarily at retail investors.

UBS Phillips & Drew was the lead manager of a C$75m issue for TCC Beverages, the Canadian bottling subsidiary of Coca-Cola. The five-year bonds came with an 11½ per cent coupon and were priced at 101⅞ to yield 66 basis points over the equivalent government bonds. The issue proceeds were unswapped.

Although the pricing was judged by the market as fair, the bonds were quoted by the lead manager at less 2 bid, outside underwriting fees of 1⅞ per cent. Elsewhere, brokers were quoting a price of less 2.10 bid.

A holiday in Zurich slightly hindered the placement of the deal, but the lead manager reported steady sales in the rest of Switzerland and Germany.

Syndication was along so-called take and pay lines. The lead manager confirmed that the recommendations on syndication procedures approved last Friday by the main board of the International Primary Markets Association (Ipma) had been followed.

Mitsubishi Finance International brought a C$75m issue for LB Schleswig Holstein Finance. The two-year bonds came with a 12¾ per cent coupon and were launched at 101.95 to yield some 35 basis points over Canadian government bonds.

The bonds were quoted by the lead manager at less 1¼ bid, a discount equivalent to underwriting fees. Syndication followed the new Ipma guidelines. Allotments of bonds to the large group of co-managers were confirmed at the end of trading.

Placement of the paper was mainly in Benelux and Japan. There was speculation that an opportunity in the floating-rate US dollar swap market allowed the borrower to achieve a funding rate of about 35 basis points below Libor.

A $115m floating-rate note deal for Elders Finance was brought by Sumitomo Trust International. The bonds were priced at par and offered a yield of 30 basis points over six-month Libor. The lead manager would make no comments on the three-year deal, but there was speculation it was swap-related and was largely placed in Japan.

In Germany, bond prices initially rose by around ¼ point in good trading of recent new issues, before slipping back to close almost unchanged. The Council of Europe DM150m 6⅛ per cent issue was trading at 99⅞ bid, up from Friday's close of 99.35 bid, while the EIB DM600m 6⅞ per cent issue was bid at 99.10, down from Friday's 99.15 bid.

In Switzerland, the city of Zurich was closed for a spring holiday, restricting bond trading to Geneva and Basle. Dealers reported quiet trading, with grey market prices a touch better and new issue prices slightly easier. The World Bank SFr125m 5½ per cent issue closed at 99¼ bid, down around ¼ point from Friday's close in Zurich.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
CANADIAN DOLLARS						
TCC Beverages (a)♦	75	11½	101⅞	1994	1⅞/1¼	UBS-Phillips & Drew
LB Schleswig-Holstein(a)♦	75	12¾	101.95	1991	1¼/⅞	Mitsubishi Finance Int.
US DOLLARS						
Elders Finance(b)‡♦	115	30bp	100	1992	12½bp	Sumitomo Trust Int.
Okobank(c)♦	50	(c)	100.575	1992	1⅜/1	DKB International
Final terms fixed on:						
Yamazen Co.(d)♦	100	4⅞	100	1993	2¼/1½	Yamaichi Int. (Europe)
DANISH KRONER						
Forsikrarks Kreditgrupp(a)♦	400	9¼	101⅛	1994	1⅞/1¼	Svenska International
YEN						
Postipankki(e)♦	6bn	7¼	101⅛	1993	1⅞/1¼	LTCB International
ECUs						
Cie Bancaire(f)♦	75	9¼	101.65	1991	1⅛/⅞	UBS-Phillips & Drew

♦With equity warrants. ‡Floating rate notes. ♦Final terms. a) Non-callable. b) 30bp over 6-month Libor. c) Coupon and redemption currency-linked. d) Coupon cut by ⅛% from indication. e) Redemption linked to Nikkei stock index. f) Issue increased from Ecu60m.

Dutch stamp duty 'to be scrapped next year'

By Laura Raun in Amsterdam

THE Netherlands' stamp duty on securities trading is expected to be scrapped next year, boosting Amsterdam's competitive edge among European financial centres.

Leading members of the banking and financial community are confident that the 0.12 per cent duty, which is capped at Fl 1,200 ($571) per transaction, will be removed from January 1 1990. According to bankers and bourse officials, the long-awaited proposal by the Finance Ministry will be part of the Government's 1990 budget, to be unveiled in September.

Removal of the stamp duty is of more psychological than financial significance. The tax is relatively low compared with other European Community countries and brings only about Fl 100m to the Dutch Treasury.

Germany charges 0.25 per cent on shares, 0.20 per cent on bonds and 0.1 per cent on government debentures. But the UK, which has siphoned off large amounts of business in Dutch government bonds, levies no stamp duty on foreign-registered securities.

The UK's 0.5 per cent stamp duty applies mostly to domestic shares.

The Dutch financial community has been lobbying for abolition of the duty for years and succeeded in having it capped at Fl 1,200 in 1987. The recent launch of a concerted campaign to enhance Amsterdam as a European financial centre provided fresh impetus for the drive.

Mr Onno Ruding, the Finance Minister, is expected to propose a zero rating for the duty, which may have to be resurrected as part of EC tax harmonisation.

Correction

Yamaichi (Europe)

YAMAICHI International (Europe) achieved an after-tax profit of £6.6m for the year ended September 1988, against a profit of £24.3m for the previous year. Yesterday's article incorrectly stated that the company had made a loss of £3.78m after tax.

US Treasuries settle back into narrow price range

By Janet Bush in New York and Katharine Campbell in London

AFTER Friday's burst of excitement, the US Treasury bond market yesterday settled into a narrow range again as traders waited for today's consumer prices release for March.

In late trading, prices were generally modestly lower with

GOVERNMENT BONDS

losses of as much as ⅛ point at the short end of the market. The Treasury's benchmark long bond was quoted ⅜ point lower to yield 9.05 per cent. Prices barely moved from the opening.

Forecasts for the CPI suggest a rise of 0.5-0.6 per cent compared with 0.4 per cent in February. Analysts believe that the index will have been boosted by substantial gains in food and energy prices and that large rises in petrol prices will boost the April CPI.

Yesterday's small pull-back in prices also reflected some doubt about the extent of Friday's substantial rally of more than a full point.

Although, on balance, there were some good news in the data, with the PPI coming in somewhat lower than expected and the January trade deficit being revised down, analysts still do not believe there was anything in the figures that would prompt the US Federal Reserve to ease monetary policy.

Indeed, there is still a strong view among economists that the Fed's next move may be a further tightening.

AFTER an initial hiccup, UK gilt-edged securities advanced firmly on the day, with the long gilt future on Liffe closing ⁱ¹⁄₁₆ of a point up at 95-22.

The market had opened a shade weaker on the CBI/FT distributive trades survey, which had cast doubt on the extent of the slowdown in consumer spending. This meant that official figures released during the morning were greeted with some relief simply because they were no worse than initially expected.

The provisional retail sales volumes for March, unchanged on February, helped the market along and some gilts dealers noted evidence of modest end-investor interest.

THE German market largely cast aside the withholding tax issue for the moment, choosing instead to focus on US Treasuries and the dollar.

In early morning trading prices were markedly stronger, catching up on the late surge of Treasuries before the weekend. At the fixings, the 7 per cent federal bond due 1999 was fixed at 101.05 compared with 100.80 on Friday, yielding 6.85 per cent.

A good deal of profit-taking characterised the rest of the day. However, the market's downward bias was not pronounced.

THE Japanese market was again quiet, as a result of the all too familiar political factors associated with the Recruit scandal and nervousness over central bank intentions.

On the technical front, uncertainty over benchmark status persists until the No.119 April issue, the market's preferred heir apparent, reaches the broker-to-broker market on April 20.

The current No.111 benchmark has been a disaster because of poor liquidity. Other candidates for benchmark status – bonds with a 5 per cent coupon – would be unattractive as their relatively high coupons would lead them to be locked away out of traders' grasp by domestic investors, customarily income hungry.

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	108-29	+7/32	11.02	11.07	10.74
	9.750	1/98	97-04	+14/32	10.25	10.32	10.05
	9.000	10/08	97-13	+15/32	9.29	9.34	9.09
US TREASURY *	8.875	2/99	97-29	-3/32	9.20	9.32	9.52
	8.875	2/19	98-04	-7/32	9.06	9.13	9.30
JAPAN No 111	4.600	6/98	96.2125	-0.200	5.21	5.20	5.24
No 2	5.700	3/07	106.5176	-0.303	5.01	5.04	5.11
GERMANY	6.375	11/98	96.3000	-0.200	6.91	6.94	6.98
FRANCE BTAN	8.000	1/94	96.4426	+0.202	8.93	9.02	9.31
OAT	8.125	5/99	95.3500	+0.090	8.83	8.96	9.16
CANADA *	10.250	12/98	99.2000	-0.175	10.38	10.47	10.66
NETHERLANDS	6.7500	10/98	97.8250	-	7.06	7.11	7.11
AUSTRALIA	12.000	7/99	90.9227	+0.482	13.65	13.78	13.70

London closing. *denotes New York closing. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Banesto and Julius Baer consider link

BANK Julius Baer of Switzerland and Spain's Banco Español de Credito (Banesto) may be about to co-operate in the field of portfolio management, Reuter reports.

The possibility of talks between the two follows Banesto's acquisition of a small stake in the holding company that owns the Swiss bank.

Banesto's main banking activities have been in the retail and corporate sectors. The joint venture could enable both banks to broaden their operations.

It is understood that Banesto recently bought from Mr Jacques Hachuel, the Madrid-based financier, 1,500 shares in Baer Holding, which owns Bank Julius Baer and 51 per cent of Société Bancaire Julius Baer.

The purchase was part of a wider series of transactions, in which Banesto also acquired a 10 per cent stake in Urbis, a property company owned by Hachuel, which in turn took a 1 per cent stake in Banesto.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Fri Apr 14 Index No.	Thu Apr 13 Index No.	Wed Apr 12 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	927.11	-0.3	10.70	4.12	11.48	9.80	930.10	919.88	920.76	753.37
2 Building Materials (29)	1171.13	-0.1	11.62	4.16	10.60	9.40	1171.99	1163.60	1175.84	1019.43
3 Contracting, Construction (38)	1670.89	-0.3	12.96	4.15	10.08	25.93	1675.43	1666.74	1673.08	1582.07
4 Electricals (13)	2670.62	-0.6	8.32	4.89	14.41	25.83	2685.83	2659.67	2682.39	1966.32
5 Electronics (30)	2097.70	-0.8	9.82	3.19	14.37	12.86	2114.54	2074.92	2070.26	1511.82
6 Mechanical Engineering (54)	499.21	-0.7	10.43	4.06	11.74	6.73	502.88	496.90	496.91	398.53
8 Metals and Metal Forming (7)	533.53	-0.8	14.38	5.98	7.84	8.80	534.53	531.82	530.42	456.96
9 Motors (17)	385.04	-0.3	11.88	4.98	9.79	5.78	385.99	383.32	385.76	274.99
10 Other Industrial Materials (22)	1548.87	+0.4	9.46	4.36	12.58	21.63	1541.42	1515.75	1511.43	1240.78
21 CONSUMER GROUP (186)	1168.34	-0.1	9.86	3.73	13.78	9.80	1166.96	1156.98	1156.58	1055.76
22 Brewers and Distillers (22)	1254.10	-	10.29	3.65	12.50	9.80	1255.77	1242.07	1247.16	1167.18
25 Food Manufacturing (20)	1814.58	+0.5	9.41	4.01	13.31	11.32	1809.33	1802.26	1806.44	968.53
26 Food Retailing (15)	2065.51	+0.4	9.85	3.47	14.59	14.57	2056.73	2022.25	2006.71	2096.69
27 Health and Household (14)	2262.64	-0.3	6.31	2.38	18.32	9.80	2273.01	2257.17	2259.51	1769.98
29 Leisure (33)	1575.82	+0.1	7.71	3.40	16.32	14.64	1573.58	1557.39	1557.75	1272.08
31 Packaging & Paper (16)	561.57	-0.3	10.23	4.28	11.98	6.99	563.13	560.37	562.88	483.29
32 Publishing & Printing (18)	3534.31	-0.3	9.13	4.27	13.71	32.54	3541.86	3546.16	3550.98	3351.23
34 Stores (35)	755.55	+0.8	11.43	4.67	11.46	1.83	749.29	743.45	739.57	656.35
35 Textiles (15)	516.05	+0.2	12.21	5.54	9.95	8.60	508.84	586.84	506.92	584.23
40 OTHER GROUPS (94)	1264.55	-0.7	8.40	2.78	15.22	13.24	1273.60	1278.56	1279.52	1136.81
41 Agencies (18)	1184.87	-	11.27	4.97	10.86	21.34	1185.33	1181.94	1183.09	988.44
42 Chemicals (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (123)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (73)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (704)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index	Day's Change	Day's High (a)	Day's Low (b)	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Year ago
FT-SE 100 SHARE INDEX♦	2054.7	+1.1	2065.3	2051.4	2053.6	2028.7	2033.0	2031.3	2025.8	1787.3

FIXED INTEREST

PRICE INDICES		Mon Apr 17	Day's change %	Fri Apr 14	xd adj. today	xd adj. 1989 to date
British Government						
1	5 years	117.51	+0.17	117.31	0.27	3.93
2	5-15 years	132.43	+0.34	132.59	0.32	4.48
3	Over 15 years	144.44	+0.39	143.89	-	4.59
4	Irredeemables	171.33	+0.97	169.68	-	1.57
5	All stocks	130.54	+0.30	130.42	0.27	4.44
Index-Linked						
6	5 years	132.55	-0.05	132.62	-	1.36
7	Over 5 years	132.22	-0.05	132.28	-	1.23
8	All stocks	132.12	-0.05	132.19	-	1.27
9	Debentures & Loans	114.57	+0.06	114.51	1.08	3.29
10	Preference	88.71	+0.02	88.68	0.18	2.01

AVERAGE GROSS REDEMPTION YIELDS			Mon Apr 17	Fri Apr 14	Year ago (approx.)
British Government					
1	Low Coupons	5 years	9.77	9.75	8.38
2		15 years	9.07	9.14	8.82
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	10.72	10.79	8.75
5		15 years	9.67	9.72	9.12
6		25 years	9.23	9.28	9.04
7	High Coupons	5 years	10.84	10.90	8.84
8		15 years	9.91	9.95	9.26
9		25 years	9.42	9.47	9.06
10	Irredeemables		9.10	9.14	8.65
Index-Linked					
11	Inflation rate 5%	5yrs.	3.74	3.71	2.21
12	Inflation rate 5%	Over 5 yrs.	3.61	3.61	3.68
13	Inflation rate 10%	5yrs.	2.75	2.72	1.36
14	Inflation rate 10%	Over 5 yrs.	3.43	3.43	3.53
15	Debs & Loans	5 years	12.17	12.33	10.77
16		15 years	11.57	11.78	10.55
17		25 years	11.12	11.24	10.55
18	Preference		10.11	10.10	9.92

♦Opening index [illegible]. Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	88	13	8
Corporations, Dominion and Foreign Bonds	19	2	22
Industrials	530	308	742
Financial and Properties	217	92	349
Oils	38	14	45
Plantations	4	1	7
Mines	34	59	87
Others	90	66	92
Totals	1,020	555	1,352

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
157	F.P.	-	71	60	Amberley Group 2½p	66		b1.5	3.4	3.0	12.1
†	F.P.	-	35	29	CCS Group 20p	29	-2	L0.45	1.6	2.11	41.1
150	F.P.	-	49	47	CST Emerging Asia Tst 10p	48		-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] dividend,cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualized dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. §Placing price. ¶ Reintroduction. ♦ Issued in connection with reorganisation merger or takeover ‡ Allotment price. ♦ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Apr 10
- Last Dealings Apr 21
- Last Declarations Jul 13
- For settlement Jul 24

For rate indications see end of London Share Service

Calls in Eagle Trst, Tusker Res, Butte, Poddington, Raglan Prop, Rosehaugh, Wholesale Fitting, Medirace, AB Elect, Bula, Aviva, Atlantic Res, Aran Energy, Cluff, Norfolk, Markheath, Johnson Matthey, Priest B. Puts in Willis (Rex), Leisure, Oliver Res. P/C Bula.

LONDON TRADED OPTIONS

BRITISH STEEL was the most heavily traded stock on the London Traded Options Market yesterday, but GEC stole some of the honours in options volume.

Calls held in GEC against underlying stock holdings were sold for gains of option premium, to offer something of a bearish stance on the underlying share price, which fell 2p on the day to 233p.

Links between GEC, GE of the US and Plessey, as well as Siemens of West Germany, all of which are under study of one kind or another, lay as the background to the day's developments.

It was a quiet day overall in the market, with only 24,771 contracts traded in total, consisting of 17,754 calls and 7,017 puts. Trading in the FT-SE 100 Index accounted for a little more than 25 per cent of the total, on 5,887 contracts, made up of 3,900 calls and 1,987 puts. This was in spite of a number of shares going ex-dividend, to the tune of something in the region of 3 points in the index.

The index itself rose 1.1 point *on balance to 2,054.7, against* what might have been a barrage of economic news. The UK retail sales figures were a soothing influence on events as was a suggestion from Mr Nicholas Brady, US Treasury Secretary, of lower US interest rates emerging against the background of a lower US Budget deficit.

Sterling rose against the dollar, although it lost a little on the Bank of England Index, falling to 67.9 from 68.2. The background to options dealings also saw the three-month interbank rate take a fall to 13$\frac{1}{32}$ per cent, from 13⅛ per cent.

The British Steel business lay in 1,591 call contracts and puts of 2 in its total of 1,593, with 1,107 *contracts traded in the October 70* calls. Beecham saw 1,530 contracts, consisting of 1,075 calls and 455 puts, although the underlying share price was steady, at 618p. Racal, up 9p on the underlying market to 388p, attracted some attention, with 614 contracts handled, of which 336 were calls and 278 puts.

Option	Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2055) [illegible]

April 17 Total Contracts 24,771 Calls 17,754 Puts 7,017

FT-SE Index Calls 3900 Puts 1987

*Underlying security price.

UK COMPANY NEWS

Aiming for half the UK market with earrings below the price of a prawn sandwich

Ratners sparkles as profits advance 63%

By Maggie Urry

WHILE others in the retail sector talk of tough trading conditions, Ratners, the jewellery chain which claims to be the largest in the world, carries on producing results rather more sparkling than the nine carat gold in its shops. Pre-tax profits for the year to end January rose 63 per cent, from £52.74m to £86.01m. Excluding profits on property sales, pre-tax profits rose 61 per cent to £81m. Sales rose by 76 per cent to £635.16m.

Part of the gain came from acquisitions, which held back the earnings per share growth to 26 per cent, reaching 26.7p fully diluted.

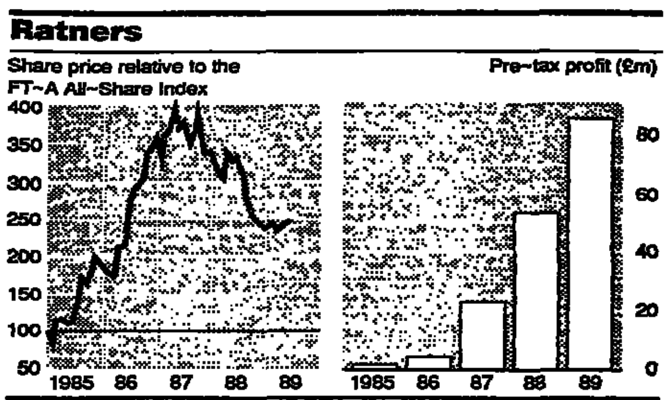
In November, Ratners bought Zales, a jewellery chain, and Salisbury's, a costume jewellery, handbag and luggage retailer, from Next for £150.8m. These contributed about £5m to profits, said Mr Gerald Ratner, the group's ambitious chairman and managing director.

He believes Ratners can increase its UK market share from 24.3 per cent in 1988 to 50 per cent, and expand the £2.2bn market as a whole, while opening 100 or so more shops to reach 1,000 outlets in the UK.

Mr Ratner argues that since much of the expansion has come through takeovers the number of jewellery outlets has not increased, thus avoiding dilution of sales.

In the US, Ratners claims a market share improvement from 1 to 2 per cent. Mr Ratner has a target of 10 per cent of the $18bn market in five to ten years, with half the growth coming through acquisitions.

However, he cast doubt on rumours of a bid for Gordons, a US jewellery chain, because of a promise to shareholders not to issue more shares for the forseeable future and because the balance sheet is already 61 per cent geared.



As the group expands, Mr Ratner explained, its buying power increases and it can cut prices in the shops further, generating yet higher sales.

Diamond rings cost less than they did five years ago, and Ratners now sells gold earrings for 99p. "That's cheaper than a prawn sandwich," Mr Ratner quipped, "and the earrings will probably last longer."

The UK part of the group increased trading profits by 59 per cent to £66.4m and the US business, begun by the acquisition of Sterling in the summer of 1987, raised trading profits 84 per cent to £25.8m.

Volume growth in the UK shops ran at over 20 per cent on a like-for-like basis.

Ratners is now planning to segment the UK market into three areas: the cheaper end, tackled through about 225 Ratners shops; the middle market, attacked by about 500 H Samuel shops; and the more expensive area, catered for through Ernest Jones and Zales.

Rising costs, which other retailers are concerned about, can be controlled as a proportion of sales, reckoned Mr Andrew Coppel, Ratners' finance director. The group is planning to concentrate its UK warehousing on two distribution centres, which could save £5m in a full year.

A final dividend of 5.85p, up 56 per cent, is proposed to give a total of 7.5p, a 50 per cent increase.

The shares rose 1p to 214p.

Buyer in sidelines for Bond's stake in Lonrho

By Ray Bashford

LONRHO BELIEVES that at least one group will offer to buy some of the shares in the international conglomerate held by Mr Alan Bond, the Australian businessman.

Mr Paul Spicer, a Lonrho director, confirmed yesterday the existence of possible buyers shortly after the deadline passed for offers to participate in the auction of the 20.4 per cent Bond holding.

Samuel Montagu, Mr Bond's financial advisers, issued a brief statement saying that the auction, announced on March 8, had failed to attract any bidders.

Mr Bond's decision to sell the stake signalled an end to his hostile intentions towards Lonrho and came after scathing attacks on the financial position of Australian group of companies by Mr Tiny Rowland, Lonrho's chief executive.

The stake was being offered for a minimum price of 385p a share which valued the holding at £365.7m. Mr Bond was holding a paper loss of least £65m based on Lonrho's closing price yesterday of 325p which was down 4p.

Bond executives have confirmed that the stake is still on the market following the failure of the auction. If a buyer is found this will leave the Bond group of companies holding only one major equity investment in Britain – an 11 per cent stake in Allied Lyons, the diversified food and drinks group.

Mr Spicer said it has been made clear to Bond that his company would help in the disposal of the holding. Mr Bond and Mr Rowland held discussions last Friday but they failed to arrive at mutually agreeable terms.

"I believe that a group could come forward soon to make an offer for at least part of the holding and perhaps there is another company interested," Mr Spicer said.

Direct contact with one of the companies, which the director refused to name, was last made three weeks ago but it is believed that the interested group was talking about the purchase of at least a 5 per cent holding from Bond.

The Lonrho director ruled out the possibility of Lonrho buying back some of the Bond stake. "I don't think its in our best interests to do this and I don't know a tax efficient way of doing it," he said.

A possibility being discussed in the market is that Lonrho buy about 70 per cent of the holding at around 385p while the rest of the holding is placed out at closer to the prevailing market price.

Mr Spicer refused to discuss the possibility of Mr Bond taking a seat on the board of Lonrho to represent his holding if the disposal alternatives fail.

McKechnie rises to £17.3m despite costs of new UK plant

By Richard Tomkins, Midlands Correspondent

ABNORMAL COSTS incurred in commissioning new plant hit first-half performance at McKechnie, the West Midlands-based plastics, metals and consumer products group.

Profits from the UK dipped by about £1m in the six months to January 31, so the modest 8.7 per cent rise in overall pre-tax profits from £15.9m to £17.34m came from growth in overseas operations.

Earnings per share were up just 6.6 per cent to 14.5p (13.6p), reflecting the increase in share capital produced by the acquisition last August of McCourtney Plastics in the US.

The interim dividend, however, is lifted from 3.8p to 5p and the company said it expected the final dividend to at least match last year's 9.45p.

Turnover rose 20 per cent to £172.53m (£143.67m) through a combination of increased metal prices, organic growth and acquisitions. McCourtney and Brass Artcraft, the other newcomer to the group, both performed above expectations, McKechnie said.

Mr Michael Ost, chief executive, estimated that between £2m and £3m of UK operating profits had been lost through commissioning costs at five plants – notably, the new brass extrusion facility at Aldridge, West Midlands.

The costs had come through in terms of inefficiency and excessive overtime while the new plants were brought into operation, he said. "But we believe these were all sensible long-term investments that will strengthen our base and provide for future growth."

● **COMMENT**

Assuming the role of Britain's biggest brass extruder has its price, as McKechnie's figures show: the increase in overseas contributions to operating profits from 26 per cent to 37 per cent has as much to do with the cost of commissioning new UK plant as it does with the strength of overseas acquisitions. The pay-off from the UK investments should begin to show through in the second half, with analysts looking for £18.5m pre-tax and earnings growth of 11 per cent for the full year – a shadow of last year's 22 per cent increase but reassuringly better than yesterday's 6.6 per cent. Longer term, worries over consumer demand are countered by the thought of benefits still to come from the more efficient UK manufacturing operations and expansion overseas, and the yield is more than a solace at a prospective 6.5 per cent: but at 313p, the prospective p/e of a little under 9.5 is up with events.

Hanson will get £224m from Allders buy-out

By David Waller

HANSON is to receive £224m from the sale of its Allders stores subsidiary, a figure in line with analysts' more sober estimates when management buy-out talks were first announced last month.

The management team at Allders – the fourth largest retail group in the UK – is paying £184m in cash. The remaining £40m is on secured deferred terms, payable in five years with annual interest at 15 per cent.

The deal increases the conglomerate's cash mountain from about £1.2bn to £1.4bn. Mr Martin Taylor, deputy-chairman, said this would be deployed whenever a suitable opportunity presented itself.

However, he declined to suggest when or what this might be.

Combined turnover of the businesses in the year to September 1989 will be about £600m and operating profit is budgeted to be £24m.

Net assets are likely to be around £183m when the deal is completed early next month.

Hanson acquired Allders Department Stores, and its Allders International duty-free shops, as part of its £260m takeover of UDS in 1983.

There are 11 department stores outlets and a chain of duty-free shops at Heathrow, Gatwick and Luton, and other airports.

Mr Taylor said the management team had doubled Allders' profits over the last five years. "They made a proposal which made sense to them and made sense to us," he said.

The team is headed by Mr Harvey Lipsith, chief executive of the Allders division, advised by J.O. Hambro Magan and supported by a financing package put together by Prudential Venture Managers.

The investor group is led by PVM, with 3i acting as co-underwriter. The debt finance has been underwritten jointly by Chemical Bank and the National Westminster Bank.

Mystery suitor makes approach to Eagle Trust

By Andrew Hill

A MYSTERY suitor is courting Eagle Trust, the mini-conglomerate whose shares have been in the doldrums since the 1987 stock market crash.

The company yesterday issued a statement saying it had received a preliminary approach which might lead to a bid.

Eagle is valued at about £147m on yesterday's closing price of 19¼p, up 1¼p. At one stage before the crash, the shares were worth nearly three times as much.

Recent speculation has suggested that the Abdullah brothers, Osman and Raschid, might be interested in moving back into the public sector with an offer for Eagle.

In January, they gave up executive responsibility at Evered Holdings, another mini-conglomerate which they built up from a medium-sized engineering business, and will formally step down in June.

The Abdullahs were unavailable for comment and Eagle was unable to add anything to its statement. It said a full announcement would be made as soon as possible.

At the end of last month, Swiss Bank Corporation resigned as Eagle's broker and adviser after what it called a "breakdown in communication". Eagle said it had decided to switch advisers – the group's merchant bank is now Charterhouse – because of departures from SBC.

Financial controls at Eagle have recently come in for public criticism from Mr Leslie Thomas, who resigned as group chairman in October. The allegations have been strongly denied by Mr John Ferriday, the new chairman and chief executive.

Eagle was formed two years ago in a complex three-way merger. Its interests range from engineering, distribution and building supplies, to film and television services. About 10 per cent of the shares are held by the board, and a further 7 per cent by Coast Investment & Development.

Kelt selling part of Carless for £30.5m

By David Waller

Kelt Energy yesterday continued the process of divesting itself of the downstream assets of Carless – the bigger oil independent it bought in a bitter £208m bid battle in January – with the disposal of Carless Lubricants for a total of £30.5m.

Kelt sold the business – which blends, distributes and markets lubricants – to the UK arm of the Kuwait Petroleum Corporation, the Kuwaiti state petrol company which already owns more than 1,000 petrol stations in the UK.

Net assets of the lubricants business were £400,000; unaudited profits for the year ended March 1989 were some £350,000.

Mr Alasdair Locke, Kelt's chairman, said that it was an extremely good deal for the company. "Until we took over Carless, these businesses were loss-making", he said. "There has been a spectacular turnaround in the last few months."

Yesterday's announcement came only after Kelt sold off Sigas, the Liquid Petroleum Gas business, for £9.89m. Final negotiations are taking place over the sale of other downstream businesses, which include Carless Petroleum and Carless Refining and Marketing.

Mr Locke said that Kelt was ahead of schedule on the repayment of a £199m loan from American Express, just over half of which had to be repaid within six months. This would be achieved by the end of April instead of the end of July, he said.

Kelt is receiving £21.6m in cash from the Kuwaitis, plus the repayment of intercompany loans totalling £8.9m. The deal is subject to the approval of the KPC board.

American Barrick raises Gold Fields stake

By Kenneth Gooding, Mining Correspondent

AMERICAN BARRICK Resources, the Canadian gold mining group, revealed yesterday it had bought another 500,000 shares in Consolidated Gold Fields immediately after the revised bid for the UK diversified mining company was announced by Minorco on April 10.

The Canadian company also instructed its brokers, Warburg Securities, to accept the hostile bid from Minorco, the South African-controlled investment group, in respect of its total holding in Gold Fields, now 3.4m shares or 1.59 per cent of the issued capital.

American Barrick admitted it was in technical breach of the UK Takeover Code because of an oversight by Warburgs. As a holder of more than 1 per cent of the Gold Fields capital, American Barrick should have immediately informed the UK company about its recent share transactions.

It said yesterday it had bought more Gold Fields shares after the sharp fall in the price to well below the value of the offer which followed the announcement of the revised bid and because it was sure Minorco would win the battle.

The Canadian company also acknowledged that it was interested in the 49 per cent shareholding in Newmont Mining, now owned by Gold Fields in the US, which Minorco has said it will sell if the bid for Gold Fields succeeds.

Newmont, which is currently valued at about $3bn, through its subsidiary Newmont Gold, owns the mining rights on most of the Carlin Trend in Nevada, probably the richest gold deposit outside South Africa. American Barrick has a rapidly-growing mine on the Carlin Trend in the middle of the Newmont properties.

The Gold Fields' share price fell by 14p at one point yesterday before ending 12p down at £13.48. However, the volume was small, only 150,000 shares were traded. Mr Huw Williams of Kleinwort Benson Securities suggested: "There are no buyers around and the sale of 100,000 shares can knock the Gold Fields' price quite sharply."

Mid Kent Water debut imminent

By Andrew Hill

Mid Kent Holdings, the new public limited company formed to take over Mid Kent Water Company, will become the first fully-listed water utility on Thursday, more than six months ahead of the other statutory companies and water authorities.

The PLC's recommended bid for Mid Kent went unconditional last week with acceptances representing 78 per cent of the voting capital, and a further 18 per cent committed unofficially to the offer.

Dealings in the new shares should begin on Thursday, followed next month by an £11.3m rights issue to fund diversification into related activities, and an issue of 2.2m shares aimed at consumers and employees. Investors were offered new Mid Kent Holdings ordinary and redeemable preference shares in exchange for their statutory company stock.

Brown Shipley, Mid Kent's adviser, said it did not mind if there were few dealings in the new shares, but hoped there would not be wild fluctuations in the price.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Ashley Group	int	0.5	June 15	nil	-	nil
Evered	fin	3.05	July 7	2	4.55	3.25*
Folkes Group	fin	1.42	-	1.25	1.77	1.6
How Group	fin	2.25†	-	1.5	3.375	1.5
Kentish Property	fin	2.25	June 9	2.25	3.75	2.25
Lloyds Chemists	int	0.65†	June 12	0.5	-	1.7
McKechnie	int	5	June 5	3.8	-	13.25
Morgan Crucible	fin	6.05	July 3	5.4	10.9	10
Prestwick	int	0.5	-	nil	-	1
Ratners	fin	5.85†	July 6	3.75	7.5	5
Roskel	fin	3	June 1	-	3	-
Top Value Inds	fin	2†	July 3	2	3	3
Travis Perkins	fin	5†	-	3.8	6ん	5.4
Utd Friendly Ins	fin	21.65 §	June 13	17	31.25	25
Whittington	fin	0.2†	June 19	0.2	0.4	0.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ん For nine months.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interim- Casket.

Finals- Billingsgate City Securities, Bodycote Intl, Boosey & Hawkes, Conder, Finlay Packaging, First Charlotte Assets, Hyman, Julianna's, Lincoln House, Polymark Intl, Silvermines, Sindall (William), Tie Rack, Triangle Trust, Wade, Ward White.

FUTURE DATES

Interims-	
Allied London Properties	Apr. 24
Amber Day	Apr. 19
Apollo Metals	May 3
English China Clays	May 8
Fisher (Albert)	Apr. 20
Free State Cons Gold	Apr. 20
Talbex	Apr. 28
Finals-	
East Rand Gold	Apr. 20
Executex Clothes	Apr. 27
Orange Free State	Apr. 20
Ramco Oil Services	Apr. 20
Scapa	Jun. 15
Thames Television	May 24
Welkom Gold	Apr. 20

UK COMPANY NEWS

Acquisitions help Morgan Crucible advance 41%

By Clare Pearson

ACQUISITIONS ENABLED Morgan Crucible, industrial materials and electronics company, to boost pre-tax profits by 41 per cent to £43.9m in the year to January 1.

Turnover rose from £334.5m to £454m, with overseas sales accounting for about 77 per cent of the total. Acquisitions accounted for about 15 per cent of the turnover increase. The most important of these were Holt Lloyd, the speciality chemicals and car care products company bought in the summer of 1987, and Insulating Products Group, a manufacturer and distributor of high temperature insulating bricks acquired in January last year.

The pre-tax figure, which was helped by a negligible increase in net finance costs to £8.7m (£8.1m) would have been £1.8m higher at 1987 average exchange rates. Operating profits stood at £51.2m (£38.1m).

Mr Bruce Farmer, managing director, said that current order books were very strong and the company's opportunities for further profitable growth continued to be extremely good.

On an enlarged share capital and after a 29 per cent (24.8 per cent) tax charge, earnings per share rose from 22p to 24.5p. A final dividend of 6.05p is proposed, making 10.9p (10p) for the year.

The contribution of thermal ceramics to operating profits

Lydie Van de Meyer

Bruce Farmer: current order books very strong

rose to £14m (£8.8m) on sales of £135.3m (£78.1m). Thermal Ceramics Inc, formerly IPG, was said to have experienced an outstanding year.

Technical ceramics, which experienced a disappointing first half, put in £9.2m (£8.5m) on sales of £75.6m (£71.6m). Operating margins in the speciality chemicals division, which made £14.3m (£9.6m) on sales of £123.3m (£69.4m), should improve this year, the company said.

The carbon division provided operating profits of £12.5m (£10.5m) on sales of £81.4m (£73m). This division has been enlarged with the $34m (£20m) shares and cash purchase of the carbon business of General Electric Company of the US, agreed last autumn but finally sanctioned by the US authorities in March.

The electronics division suffered a reduction in sales to £38.4m (£42.2m), because of defence cutbacks and order delays in the UK. Operating profits were static at £1.2m.

COMMENT

Morgan Crucible's readiness to sacrifice concerns over both earnings growth and gearing in the cause of its longer-term development through acquisition has meant it has come to be regarded with caution by the City. These results showed it once again surpassing most of the performance targets it set itself when new management took over seven years ago, as well as further extending the enviably wide geographical spread of its sales, 17 per cent of which are now made in the Far East and Australasia. This year, pre-tax profits should rise to about £53m and growth in earnings per share should be completely respectable at between 12 and 15 per cent. However, the outlook for the shares, which stand on a prospective p/e of between 9 and 9.5, remains dull.

Prestwick turnround gathers pace in first half

By Terry Dodsworth, Industrial Editor

THE TURNROUND at Prestwick Holdings, the printed circuit board manufacturer, gathered pace in the first half when pre-tax profits jumped to £1.1m from £309,000.

As a result of the upswing and "confidence in further sustained growth," the company is restoring the dividend, which was passed last year, with an interim payment of 0.5p.

Earnings per share for the six months to January 31 rose from 1.5p to 3.2p while turnover was up by 19 per cent to £12.9m (£10.8m).

In the mid-1980s, Prestwick fell into deficit during the slump in the electronics market, with a loss of £1m in 1987. It returned to profit in 1988, when it made £1.4m pre-tax.

The company said that its performance this year had been helped by the general condition of its main markets in office systems, telecommunications and automotive equipment. Overall growth in these sectors was advancing at about 10 per cent a year, and Prestwick was gaining market share in addition.

At the same time costs had been reduced substantially through improved controls over inventories and product quality.

Profits were also helped by net interest receivable of £13,000, against a charge last time of £353,000. Prestwick restructured its balance sheet last year with the issue of new preference stock which has brought gearing down to 23 per cent. It is currently carrying £6m of borrowings against cash of £3.4m.

Prestwick, which supplies circuit boards ready to be completed with the insertion of components, said that in the last six months it had extended its customer base through close association with a number of international companies.

A large order has recently been placed by GPT, the General Electric Company and Plessey joint venture.

Travis Perkins approaches £40m

By David Waller

TRAVIS PERKINS, the builders merchant group, yesterday reported its first set of preliminary results since it took its present shape last autumn with the merger of Sandell Perkins and Travis & Arnold.

The enlarged company made a pre-tax profit of £39.84m during 1988 on turnover of £381.21m, struck on a merger accounting basis. The comparable figures for 1987, assuming the two companies had been together, were profits of £30m-£31m on turnover of £291.67m – increases approaching 31 per cent in both cases.

Mr Tony Travis, chairman, said the process of integration of the two companies was progressing satisfactorily. Working in the opposite direction, however, were difficult market conditions caused by higher interest rates.

Sales volumes had been particularly badly affected in London and the south-east, he said, but the year-on-year damage was limited to a fall-off of only 1 to 2 per cent in sales volumes because of better market conditions in the Midlands and the north.

Having changed its year-end from the end of March to December 31, the company also reported figures for the combined businesses (under merger accounting conventions) for the nine months to the end of the year.

During that period, the group made pre-tax profits of £29.5m on sales of £291.7m, which compared to a restated £33.95m on £348.1m for the year to March 31 1988. Earnings for the nine months worked out at 20p per share, against 22.2p for the full year to the end of March.

The company is paying a final dividend of 5p per share, making 6p for the nine-month period.

● COMMENT

Yesterday's figures from Travis Perkins – complicated though they might have been by the application of merger accounting – demonstrated the simple fact that 1988 was a good year for builders' merchants. As such, the near-31 per cent rise in turnover and a slightly higher rate of increase in pre-tax profits were in line with brokers' expectations and duly prompted a modest 1p drop in the share price to 252p. What matters now, of course, is the current year and beyond. It is clear from the chairman's remarks that higher interest rates have begun to bite, hitting sales volumes in London by as much as 5 per cent in the first three months of 1989. To some extent, the impact of this will be countered by the benefits of the merger. Rationalisation has had its effect; one example of this is the head-count, 5 per cent below budget had the two companies remained independent. But this was achieved mainly through natural wastage, rather than the cost-paring that would undoubtedly have been inflicted on Travis & Arnold had Meyer International successfully frustrated the merger. Following its abortive bid, Meyer sits on 20 per cent of Travis Perkins – an obvious platform for a bid. Assuming pre-tax profits of £42m-43m this year, the shares are on a multiple of 9, in line with the sector. After a spell of post-merger underperformance, this now seems about right.

How Group exceeds forecasts with 34% advance to £6.39m

By John Ridding

HOW GROUP, the building services company which came to the main market in December 1987, yesterday announced pre-tax profits of £6.39m for 1988, an increase of 34 per cent.

The figures include the contribution from Hansgross Estates, the owners of much of the group's property, which was acquired in August and which was accounted for on a merger basis for both 1987 and 1988.

Last year, property income, of which Hansgross represents the majority, realised profits of around £800,000 (£500,000.)

The bulk of the improvement reflected strong demand across the group's markets with turnover rising by 19 per cent to £179.14m.

Earnings per share, fully diluted, increased from 6.86p to 8.81p and a final dividend of 2.25p (1.5p) has been proposed. This gives a total for the year of 3.375p (1.5p).

Mr Peter How, chairman, said that all four divisions performed well, raising turnover and profits and securing a higher volume of good quality contracts for the future.

Engineering services, which is the group's largest profit centre and which supplies services and systems to commercial and industrial buildings, raised turnover by 10 per cent despite a difficult first quarter resulting from delays in gaining access to sites.

The fire services division increased sales by 57 per cent and won orders of £20m while the maintenance division also saw good progress. The increased influence of these two divisions, which enjoy higher margins than engineering services, is reflected in the greater improvement in profits than turnover.

Losses of £130,000 were, however, incurred from the group's 50 per cent stake in Euro-Air, manufacturer of air handling units.

The company said that the losses reflected start up costs and that they expected the business to be profitable in the current year.

● COMMENT

How Group has made an impressive debut, exceeding forecasts by a comfortable margin. The current year is also set fair. Engineering services has recovered from its hiccup and order books, overall, are showing an increase of almost 30 per cent. The construction markets served by the group are in the industrial and commercial sector and this, combined with the considerable lag involved in much of the contract work, and the group's geographical flexibility affords protection against the current climate of higher interest rates. A more immediate problem is posed by skill shortages, particularly in the south east of England which is feeding through into labour costs and putting pressure on margins. Nevertheless, analysts are looking for pre-tax profits in the region of £7.7m, putting shares on a fully-diluted multiple of 9. At this price the shares are attractive for predators and investors alike. But, with management and employees holding 75 per cent of them, buying opportunities are rare.

Associates give Stanhope sharp boost to £9.7m

Stanhope Properties, the USM-quoted property investment and development concern, unveiled pre-tax profits of £9.69m for the six months to the end of December 1988.

The outcome compared with a profit of £1.31m at the same stage in the previous year, and included £5.08m (£500,000) from the group's share of profits of related companies, partly relating to the sale of two properties.

Interest receivable also rose sharply, contributing £4.67m (£482,000). Turnover totalled £2.36m (£1.63m) and earnings amounted 4.67p (0.8p).

The directors said the same level of profits was unlikely to be repeated in the second half.

OIS stake taken

Sheikl Amin Al-Dahlawi has taken a 5.4 per cent stake in OIS Group, the technical inspection and testing services company. OIS returned to the USM last week after completing the £8.6m acquisition of the UK services division of Inspectorate International, one of Switzerland's largest service and inspection companies. The shares were unchanged at 96p, which compares with the suspension price of 76p.

Fairway talks could lead to change of control

By John Ridding

Fairway (London), the USM-quoted supplier of business and computer stationery, yesterday announced that it is in discussions which may lead to a change of management control.

The company would give no further information but the announcement followed a period of volatility in its shares and was made in line with stock market regulations.

Fairway, which last month announced a 25 per cent fall in 1988 profits to £455,000, said that a further statement would follow as soon as possible.

Cradley Print higher

Cradley Print reported sales for six months to December 31 1988 of £8.4m (£6.34m) and pre-tax profits at £633,000 (£611,000). Earnings per 10p share came out at 1.26p (1.17p). The company proposes to change its name to Cradley Group Holdings.

Lloyds Chemists doubles

By Vanessa Houlder

LLOYDS CHEMISTS, the UK's second largest retail chemist and drugstore chain, more than doubled its profits for the six months to December 31. Pre-tax they rose from £1.76m to £3.94m, on turnover that nearly doubled from £33.7m to £67m.

During the period, Lloyds bought Allens Chemists for £29.3m from Next, the retailing group, and Bannister & Thatcher for £3.7m. As a result, Lloyds now owns 351 chemists and 120 drugstores, an increase of 42 per cent.

In the half year, 37 chemist stores were refurbished and 50 drugstores were refitted. Mr Allen Lloyd, chairman, said current trading in the Lloyds stores, excluding the recent acquisitions, was 7 per cent ahead of a year ago.

Over the rest of this year 20 new drugstores are expected to be opened, and further chemists stores will be opened as opportunities arise.

A further 300 own label products are expected to be introduced by October, bringing the total to 1,000.

After a rise in borrowings to pay for acquisitions, the company said it was on course to reduce gearing to 140 per cent by June. Interest cover stood at 8.9 times.

Earnings per share increased by 41 per cent from 4.37p to 6.17p. An interim dividend of 0.65p was declared, an increase of 30 per cent.

● COMMENT

With their apparent immunity to the consumer squeeze, chemists shops are one of the few bright spots in the retail sector. So, after these better-than-expected results, the shares rose 12p to 161p as analysts upgraded full year forecasts to about £10m. The next 18 months should benefit from the integration of Allens, which should increase its margins as a result of centralised distribution and increasing use of own label products. As a result, above-average growth is expected, which fully justifies a p/e of 11.5.

MoDo takes 20% of UK's paper sacks

By Sara Webb in Stockholm

MoDo, the Swedish forestry group, yesterday strengthened its position in the UK paper sacks market through two separate deals, making it one of the biggest producers of paper sacks in England with a market share of about 20 per cent.

MoDo bought a paper sacks factory from Bowater Industries' packaging division for about £4m, and acquired the remaining 50 per cent which it did not already own of Papropack from W Rosenlew.

The two deals boost MoDo's annual production of paper sacks by 130m, more than doubling its European production currently based in West Germany.

MoDo said the deals allow it to shift sales of sack paper from the less developed countries in the Far East and the Middle Eastern markets, which it regards as less rewarding than Europe.

Mr Roland Martin-Loef, head of MoDo's Cellkraft division, said the group plans to restructure the two companies.

With the declining market for paper sacks and the tough competition posed by the plastic sacking business, some groups have chosen to move out of this area in recent months.

DRG, the stationery, office and print supplies group, sold its paper sack business to Korsnas, another Swedish paper group, last July for £14m.

UK COMPANY NEWS

Evered improves 18% to £30m and continues restructuring

By Nikki Tait

EVERED HOLDINGS, the former mini-conglomerate which has been turning itself into a quarries group, yesterday announced pre-tax profits of £30m for 1988 – up 18 per cent on the previous 12 months. Sales were £263.3m, against £231.3m.

The figures, however, still reflected results from the industrial side, which was sold to management in December.

Evered also revealed that the Abdullah brothers, Raschid and Osman, who headed the group until their departure earlier this year, received compensation payments of £395,000 each.

Some substantial acquisitions on the quarry side were also made during the year – including an asset swap deal with Raine Industries, which involved Raine acquiring Evered's housebuilding operations and Evered taking the other company's quarrying operations.

Yesterday, Evered – which is now dropping the "Holdings" tag – said that on the quarry side profits were up from £11.4m to £22m last year, while sales increased from £42.7m to £113.2m.

The discontinued activities and those still to be discontinued – primarily the polymers business – made profits of £12.3m (£16.3m) on sales of £150.1m (£188.6m).

Net interest charge was £4.36m (£2.29m) and gearing at the year-end 28 per cent. This had increased since, but should revert to a similar level once the polymers disposal takes place.

The tax charge was sharply reduced at just 8.3 per cent (14.9 per cent) leaving earnings per share at 15.2p (13.7p). A final dividend of 3.05p raises the total to 4.55p (3.25p). The directors said the increase reflected their confidence in the ongoing quarry business. Evered shares rose 6p to 124p.

There was a £7.08m extraordinary credit from disposals, less the Abdullahs' compensation payments and the unspecified costs of relocating the head office from Guildford to Salford.

Ashley Ashwood

John Ford, finance director (left); Mike Wallis, managing director (centre) and Roy Kettle, chief executive

● COMMENT

The wholesale changes at Evered make comparisons redundant. As far as organic growth on the remaining quarries side was concerned, the group suggests something of the order of 35 per cent last year. But, as analysts point out, the speed at which profits are extracted in this sort of business has an element of management discretion. In terms of geographical balance, the UK/US split has currently swung back marginally in favour of the UK. However, the company seems to have no intention of abandoning the building products acquisition trail – and the balance sheet suggests some room for manoeuvre – so a rough aim of a 50:50 split should be taken as no more than a guideline. What can be said with certainty is that hangovers from the London & Northern bid/Abdullah regime appear to be largely out the way, aside from repayments of the Sharjah debt which still seems to trickle in. So, as far as 1989 is concerned, the main aim will be to achieve enough growth to outweigh a tax charge which may rise to around 30 per cent. The property profit delay will be helpful, and if the group makes around £40m, earnings could hold at around 15p. That gives a rating of about 8 times, a respectful discount to more established players in the sector. To a large extent, the shares are a punt of chief executive Roy Kettle's acknowledged skills in the industry. For the faithful, who are also confident about general demand levels, they should look fair value – although too many acquisitions and funding fears could cloud the picture.

Digsa boosts Ashley to £1.94m halfway

By John Thornhill

ASHLEY GROUP, the food retailing company, yesterday announced pre-tax profits of £1.94m on turnover of £89.64m in the 28 weeks to March 11.

Until last year, the group, then called Ashley Industrial Trust, was a small manufacturer of plywood products and milk-float batteries. But in July, Mr Tony Butler, previously a director of Dee (now Gateway) Corporation, took over as chief executive and promptly bought Digsa, a Spanish food group, from his former company for £30m.

Yesterday's result reflected the first full contribution from Digsa, which now represents the bulk of the group. The company contributed operating profits of £1.79m and turnover of £88.98m. In the last full year before its purchase, Digsa recorded operating profits of £2.72m on sales of £142m.

Ashley's plywood business made a £75,000 operating profit but, in total, the group's UK activities, including central costs, incurred losses of £152,000. Capitol Batteries, the batteries subsidiary, was sold to its management last August.

The group also received interest and investment income totalling £228,000.

Mr Butler, said this was a good set of figures showing Digsa's solid growth. Ashley's Spanish interests would be further expanded by organic growth and acquisition and the company might look for a listing on the Spanish stock exchange in the future.

The Spanish food retailing market, Mr Butler claimed, was highly fragmented and was about 15 years behind the UK in terms of development, offering great opportunities for the group to expand.

Ashley is also planning to increase its UK income to help it overcome tax obstacles and is looking for acquisitions in the merchandising field.

Earnings per share came to 2.82p and an interim dividend of 0.5p (nil) was declared.

Dunstable difficulties could put Spice in red

By Andrew Hill

SPICE, the troubled motor parts distributor, is to close its national distribution centre in Dunstable with the loss of 70 jobs, less than six months after its official opening.

Problems at the centre, opened on October 1, are likely to push Spice into the red for the full-year.

The USM group has invested about £1.5m in building and developing the 1.2m cu ft facility since 1986, and in January warned that start-up costs would have a "significant adverse impact" in the half-year to March 31.

Mr Gordon Spice, the founder chairman, said yesterday that provisions for redundancy and closure costs would be more than offset in 1988-89 by £1m of annual savings on overheads, and proceeds of selling Spice's interest in the centre's leasehold. But he added that losses for the full year would probably match those for the first half.

"We have basically run out of time trying to get it right. We very much rely on the customer base for business and customers can take only so much," he said, adding: "I believe in the concept and I think everyone who has looked at our strategic planning believes that the concept is right."

Computer failures led to severe accounting and cash flow problems at the centre. Since December the managing director and finance director have both resigned and in February Spice received an injection of new management and cash from three directors of Doctus, the quoted management consultancy.

A review by Mr Spice and Mr Richard Fleming, formerly chief executive of Doctus and Spice's new managing director, prompted the decision to close the facility and reallocate centralised stock to Spice's six cash and carry centres.

Spice will also move its its head office from Staines to a smaller existing site owned by the group in Watford. It had hoped to relocate the office to Dunstable.

Kentish Property shows 19% profit increase in difficult year

Kentish Property Group lifted pre-tax profit by 19 per cent in 1988, from £3.93m to £4.67m.

Mr Keith Preston, chairman and chief executive of this housebuilder, was particularly encouraged by the group's ability to maintain a strong rate of sales at acceptable profit margins in these uncertain times.

"The lessons learned during the difficult economic conditions of the mid-1970s were not forgotten", he said.

Turnover rose to £29.9m (£19.66m). Earnings were 15.01p (14.2p) on increased capital, and the final dividend is 2.25p for a total of 3.75p (2.25p).

Mr Preston stressed the value of pre-selling properties at early stage of development. At Bow Quarter, its largest project to date, the autumn saw the sale of the first 94 apartments. At Burrells Wharf, also in Thameside, contracts were exchanged on over £16m of property, about 25 per cent of the estimated ultimate total.

No profits are taken on sales until legal completion.

Folkes advances 14% to £3m

A 14 per cent expansion in taxable profits for 1988 was yesterday reported by Folkes Group, the West Midlands-based property, building products and engineering company.

On turnover of £56.73m (£55.57m), the pre-tax outcome amounted to £3m, up from £2.64m last time. After tax of £266,000 (£455,000), earnings per 5p share worked through at 6.33p (5.06p) and the total dividend is raised to 1.77p (1.6p) via a proposed final of 1.42p.

Property profits were unchanged at £1.45m, although corresponding figures for 1987 included a number of non-recurring sales.

Profits from the building products division rose to £1.05m (£797,000), although the directors said that there were indications of a slowdown due to the reduction in housebuilding activity.

The engineering side lifted profits by 28 per cent to £504,000, reflecting good market conditions and benefits accruing from the consolidation of forging activities onto a single site at Kidderminster.

News Digest

TERN

Sharply back in the black

TERN, the USM-quoted construction and property services group, returned profits of £872,000 pre-tax for the 15 months to end-December 1988 from a turnover of £60.39m.

The group, formerly known as Consolidated Tern Investments, has changed its year-end and for comparative purposes pro-forma profits of £1.17m from a turnover of £53m for the 12 months to December 30 compare with losses of £3.76m and turnover of £38.69m for the year to September 30 1987.

Mr James Butterfield, the chairman, said the construction and development activities had begun the new year well. He added, however, that a return to profitability by the estate agency side, where Tern has been expanding in recent months, was dependent on an upturn in the market.

The last dividend shareholders received was for the 1984-85 year.

ROSKEL

First results see 51% increase

In its first final results since joining the USM last May, Roskel increased pre-tax profits in 1988 from £1.64m to £2.47m, a 51 per cent rise achieved on turnover 7 per cent ahead from £20.35m to £21.79m.

Roskel installs and distributes suspended ceilings and last year saw its aerial platform and aluminium tower hire division become established as one of the largest operators in its area.

Tax took £1.01m (£690,000) and earnings worked through at 11.61p (9.16p) per 10p share. The directors have recommended a dividend of 3p, an increase on the minimum 2.7p promised at the interim stage. As indicated at the time of the flotation, Roskel intends, in future, to pay an interim as well as a final.

BARLO GROUP

Production delays take toll

Barlo Group, the Irish central heating equipment company which joined the main market last September, has only broken even in the year to end-March.

Delays in starting production at a new radiator plant at Leigh near Manchester, which came in conjunction with mechanical faults at a plant in Clonmel, County Tipperary, were blamed for the elimination of profits.

Earlier this year, analysts had slashed profits forecasts from as much as I£3m (£2.5m) to about I£1.5m, after news of the problems at Clonmel emerged. The shares were placed at 185p last year.

Mr Sean Barlow, chairman, said the Manchester plant had come on stream only in February, some months later than expected. The problems at Clonmel had meant output was curtailed during the peak winter heating season. A slowdown in building in the south of England had also affected trading.

Mr Barlow warned a return to satisfactory profitability would take "some time to achieve". Last year's result was struck after charging £700,000 of exceptional redundancy and rationalisation costs, which were not expected to recur at the same levels this year. In the 15 months to end-March 1988, Barlo made pre-tax profits of £2.77m.

HUNTLEIGH TECH

Improvement continues

Huntleigh Technology, maker of instrumentation and control systems for industrial and medical applications, reported that the improvement seen in the first half had continued in the second.

Pre-tax profits in 1988 for this USM-quoted company increased almost six times from £107,000 to £638,000. Turnover was £13.21m (£10.07m), an increase of 31 per cent.

Earnings per share were 5.23p (0.54p) and the company is returning to the dividend list with a proposed final payment of 1p.

After tax of £193,000 (£58,000) and an extraordinary credit from the sale of the Relay division of £83,000 (£159,000 debit) attributable profit was £526,000, against a loss last time of £113,000.

UNITED FRIENDLY

Substantial rise over full year

On earnings jumping from 45.18p to 79.6p in 1988, United Friendly Insurance is raising the dividend by 6.25p to 31.25p per share.

Premium income of this USM-quoted underwriter rose from £158.9m to £165.4m, with pensions contributing a first-time £4.3m. Profits transferred from revenue accounts advanced from £4.3m to £10.8m, as general business turned from a loss of £200,000 to a profit of £4m.

Pre-tax profit finished £8m ahead at £16.8m. The final dividend is 21.65p.

The provision for employees profit sharing is doubled to £800,000.

LEX SERVICE

Increased competition

Operating profits in the first quarter at Lex Service were estimated to be 15 per cent higher on the automotive side, Mr Trevor Chinn, chairman, told the annual meeting. However, there was increased competition in the UK new car market and a weakening in the market for used cars.

He added that the new car market had increased by 8 per cent in the first three months mainly from the company car market. Volvo Concessionaires achieved record registrations for the quarter at 22,232 units, against 21,968 last time.

Mr Chinn reported that the vehicle contract hire business, jointly owned with Lombard North Central, showed interim pre-tax profits 8 per cent higher.

PARAGON COMMS

Expanding into Manchester

Continuing its regional development, Paragon Communications has moved into the key Manchester area by acquiring Creasy Public Relations (Manchester).

It is also expanding its London base with the purchase of Christine Ball Publicity Services. Total maximum consideration for both companies is £450,000 cash.

Creasy was formed some two and half years ago, and in the 15 months ended March 31 1988 it broke even. Paragon said it had bought a business capable of rapid development, and saved the costs of starting up in Manchester from scratch.

The vendors of Christine Ball warranted pre-tax profits of at least £46,000 for the year ending April 30 1989.

TOP VALUE

Downturn to £1.21m

The continuation of difficult trading conditions into the important final quarter contributed to a fall in pre-tax profits at Top Value Industries, leather clothing merchant, from £1.75m to £1.21m in 1988. Turnover dropped from £17.06m to £11.9m.

Following the disposal of the Henriques manufacturing business at the end of 1987, the company now consists of two main divisions: Conrad, the leather garment operation, and Continental, the fashion accessories arm. Consequently the company will propose a name-change to Conrad Continental at its annual meeting.

After tax slightly down at £458,000 (£470,000), earnings fell to 5.7p (10.22p). A maintained final dividend of 2p has been recommended, for an unchanged total of 3p.

Conrad saw volume sales to major mail-order customers fall below expectations after a disappointing spring season. However the expansion of the retail business continued with 23 outlets now in operation compared with eight less than a year ago. Continental performed well, increasing profits and sales.

WHITTINGTON

Profits double to £1.11m

Whittington, the Leeds-based giftware, games and cutlery group, more than doubled both pre-tax profits and turnover in 1988.

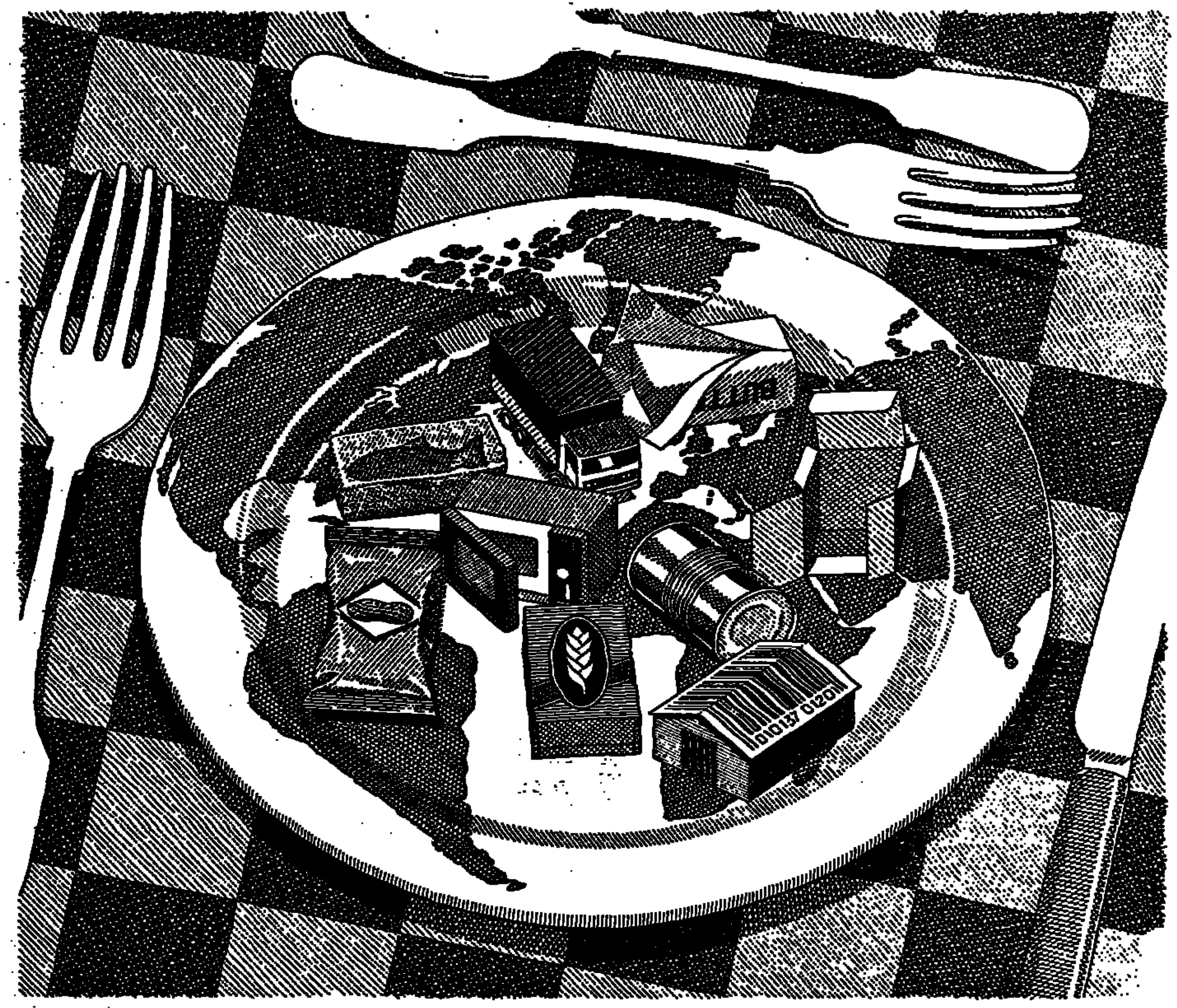
The taxable result jumped to £1.11m (£501,000) and was achieved on sales hoisted to £15.71m (£6.96m). Earnings grew to 5p (2.8p) and an unchanged final dividend of 0.2p has been proposed, to make a total of 0.4p (0.2p) for the year.

Whittington consists of two main divisions – the Bonser Group, which manufactures diecast and pressed steel giftware and Sheffield cutlery, and Rewell, a manufacturer of jigsaws, stationery, greetings cards, games, toys and hardware products.

Mr Maurice Miller, chairman, said that the two divisions had increased demand for their products and that the growth had stemmed both from organic development and acquisitions. He added that further rationalisation of the companies acquired in 1988 – including Cooper Ludlam (Sheffield) and Ian Heath – would take place in 1989.

FINANCIAL TIMES SURVEY

The food industry in the EC is restructuring in preparation for market integration. The European food market, however, merely represents a microcosm of world-wide change, writes **Christopher Parkes**, Consumer Industries Editor.



FOOD INDUSTRY

CONTENTS

Illustration: Robin MacFarlan

Major European Food Companies

Company	Nationality	Market Capitalisation approx (£bn)
Unilever	UK/Netherlands	8.5
Nestlé	Swiss	6.5
BSN	France	2.6
Cadbury Schweppes	UK	2.2
ABF	UK	1.3
RHM	UK	1.3
United Biscuits	UK	1.2
Hillsdown	UK	1.2
Suchard	Swiss	1.1
Source Perrier	France	1.0
S&W Berisford	UK	0.8
Dalgety	UK	0.7
Unigate	UK	0.6
Northern Foods	UK	0.6
Tate & Lyle	UK	0.6
Booker	UK	0.6
St Louis	France	0.6
Beghin-Say	France	0.6
Bongrain	France	0.5
Hazlewood	UK	0.4
Salvesen (C)	UK	0.4
Wessanen	Netherlands	0.3
Hero	Swiss	0.3

Source: CL-Alexanders Laing & Cruickshank, Nov 1988

Accounting for tastes

THE STRUCTURAL change in the European food industry, widely considered to be a natural, essential concomitant of the integration of the Community's markets, is now in full flow.

Companies are changing hands and alliances are being forged at a record rate. Conglomerates are raising phenomenal sums as they auction off their unwanted food subsidiaries. Established multinationals are accelerating rationalisation plans and shaking down their manufacturing and management systems. Non-Community companies are seeking a way in. Britain's heavyweight but largely isolationist food processing community is adopting a more international posture — looking eastwards for once, rather than towards the US. North European manufacturers eye fast-growing food markets in the fast-developing southern economies, while low-cost Mediterranean producers covet the high margin markets in the industrialised north.

Despite the size of the European food market — worth some £250bn a year at retail prices — and the greatness of the political adventure under way in the European Community, events there represent nothing more than a microcosm of a world-wide cycle of change.

Having observed the successful internationalisation of other consumer industries and the emergence of a mighty élite in sectors such as toothpaste, home entertainment, popular fashion, detergents, skin care and liquor, food manufacturers are now trying to follow a similar path. Working within the relatively protected confines of the Community, which is still far from being the "fortress Europe" so feared in the US, Far East and Australia, may offer some comfort. But there are many unknown factors at play. Risks are high and the general shortage of management with international experience may exacerbate them.

One source of danger lies in the conflict between the highly localised nature of many food product markets, and the international manufacturer's demands for efficiency and cost reductions. BSN, for example, France's biggest and fastest-growing food group, owns five pasta companies in Italy. With a 7 per cent share of the market, it is the second biggest manufacturer in the country. But it must support five brands, while the market leader, Barilla, with 25 per cent, has only one promotional and marketing budget to fund. Clearly, BSN would be better placed if it could combine its operations under one or two brands, but phasing out people's favoured labels would almost certainly cost it market share.

Would-be internationalists also have to cope with entrenched dietary habits. Much is made of the homogenisation of tastes throughout the world, but the process is slow and strictly limited in its range. Greece, Italy and Spain each consume twice as much fresh fruit and vegetables as any other Community state. Conversely, richer, colder northern nations eat twice as much meat as the southerners. British annual fish consumption is among the lowest in Europe at around 2 kilos a head compared with 9 kilos in Spain and almost 7 kilos in West Germany. Butter is hardly eaten at all in the Mediterranean zone, although the Italians eat around three times as much bread as any other European nation.

However, distinct international trends are developing, which may be monitored either by minute examination of national statistics or, more easily, by watching the tactics of the large established multinationals such as Unilever, Nestlé, BSN and, to a lesser extent, confectioners like Cadbury. Nestlé and BSN have captured a major portion of the European pasta market. They have successfully branded and thereby added value to what was formerly a commodity product, and established a strong position from which they can encourage already significant growth in coumtries outside Italy. At 21 kilos a year, Italian pasta intake is about three times that in France and Greece, and several times higher than elsewhere. But pasta is increasingly viewed by world consumers as a nourishing, cheap and convenient food. Food processors view it as the ideal base for sauces: another of the fastest growing sectors in the market.

The recent, heavily-promoted appearance of prepared pasta sauces from Unilever, the Anglo-Dutch group, and US giants like Mars, Heinz and Campbell Soup is evidence enough that this market will grow.

Other distinct trends, collated by Euromonitor, the London market research company, include a shift to healthier eating, especially in northern Europe. There are few specific statistics, mainly because there is no consensus on what actually constitutes health food. But indicators include a 50 per cent increase in sales of roughage-rich breakfast cereals since 1982. Fastest growing markets are France and the Netherlands, although the UK, Euromonitor notes, still accounts for two-thirds of all European consumption. Kellogg is making all the running in the Community crunchies business. It must be credited with creating the market, much to the pleasure of Nestlé and other relative newcomers, which have been given a largely free ride into a new international business.

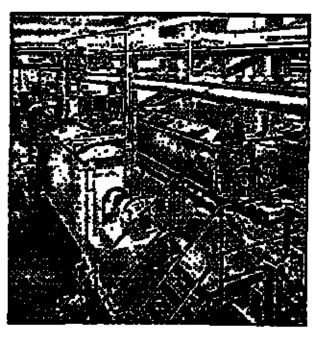
Clearest of all, and most promising, is the high popularity of frozen foods. Ranging from more than 30 kilos per capita in Denmark to around 6 kilos in Italy, consumption is increasing rapidly. According to Euromonitor, European sales rose 30 per cent in volume terms between 1982 and 1986. With increasing demand for convenience from the rising number of wealthier, two-income households, the market has a long way to go before saturation point is reached. Recent statistics also show a rising trend for numbers of single person households, in younger age groups as well as the elderly, which should also help sales of ready-made frozen dishes. And a further boost is bound to come from the rapid growth in sales of microwave ovens. Household penetration in the UK has grown from zero to more than 40 per cent in the UK in the past five years, and the fashion is spreading quickly across Europe, making the microwave one of the most successful new kitchen appliances ever.

Multinationals have a strong grip on frozen food markets but, as in the case of breakfast cereals, in creating a market they have attracted considerable competition from smaller producers. Contract freezing is readily and cheaply available in most countries, and in Britain, for example, independent suppliers have moved quickly into commodity produce like frozen vegetables, stealing market share from the majors. Birds Eye, Unilever's main UK brand, had more that 30 per cent of the British frozen food market at the start of the current decade, and now controls around 21 per cent. Its response has been to use its extensive research and development skills to create ever more sophisticated added value products which the newcomers will find markedly more difficult to imitate than a frozen pea.

Recent events in the UK frozen food industry support the conventional wisdom that, as markets mature, their suppliers tend to divide into two groups. One, consisting of perhaps three or four major producers, specialists in branded, innovative products backed by heavy promotional budgets will normally account for about half of all sales. The second, a much larger group, consists of maybe several dozen smaller companies operating either in specialised niches, or, more commonly, supplying retailers' own-label demands with limited presence in the branded sector.

The UK frozen food market has been transformed in the past 12 months. First came the takeover of Freshbake, one of the more successful smaller players, by Campbell Soup of the US. Campbell effectively

Continued on Page 5



Supermarkets have embraced centralised warehousing, reports **Maggie Urry**

Cutting down back-door traffic

THERE IS nothing intrinsically glamorous about warehousing and distribution. And for many years most food retailers have been more concerned with the front they display to shoppers than what is happening behind the scenes.

However, the leading supermarket groups have all now embraced the idea of centralised distribution through warehouses owned by themselves, or managed on a dedicated basis by outside operators.

There is a simple reason for their interest – profit. Mr Alistair Grant, chairman and chief executive of Argyll Group, the Safeway and Presto grocery business, reckons switching from manufacturers' deliveries direct to stores to a centralised system can add a full percentage point to a food retailer's net profit margin. And since most of them work on margins of only a few points this can mean an enormous gain.

The benefits are derived from a number of sources. At the simplest there are many savings from better use being made of vehicles – both the manufacturer's and the retailer's.

Instead of a manufacturer's lorries trundling around from one store to another dropping off a case here and two there, the goods are delivered into a huge regional depot, owned or dedicated to one store chain.

Food manufacturers can thus make major savings on their distribution costs by operating their vehicle fleets far more efficiently. Part of the savings are inevitably passed on to the retailers, who are, in effect, taking over part of the manufacturers' work.

The bulk order is broken down by the retailer in the depot, rather than the manufacturer from the lorry. Vehicles from the depot carry a range of goods to stores – in some cases nearly all the food lines required by a store, whether frozen, chilled or at ambient temperature, can be carried by one vehicle. As a result, there are fewer lorries driving around half-full, and better use of transport resources are made.

This cuts down enormously the number of vehicles arriving at a store's back door: Asda, for example, reckons it will cut the number of vehicles delivering to a store on average from 60 a day to 12 a day.

Further, it allows the retailer to decide when a truck arrives and so a store manager can plan the workforce more efficiently.

Paperwork is another burden which is greatly reduced by using a centralised system. When manufacturers deliver direct to stores they issue an invoice for each shop. If they deliver into a warehouse the number of invoices can be vastly cut, with one depot serving perhaps 50 stores.

A centralised distribution system infers much greater benefits than simple productivity gains, though. Retailers can gain better control of their stock if they know exactly where the goods are. Savings on stock levels can be large, there is less wastage, particularly of short-shelf life foods, and the stores can be sure of running with fewer lines out-of-stock, thus increasing sales.

Linking in the warehouses with the stores' computer networks can ensure far more accurate deliveries to stores. Each store's order can be transmitted to the depot by computer and assembled.

J. Sainsbury was the first of the leading food retailers to go in for a centralised system, starting in the 1960s. Mr Derek Graham, the director responsible for distribution, says that 85 per cent of the stock is now handled through the group's depots, some of which are run by outside operators.

He argues that the benefits extend to ensuring that food is in top quality condition. Produce can be checked centrally to ensure it is fresh and can be more rapidly sent out to the stores. With deliveries each day before the store opens, Mr Graham says, produce picked in the fields one afternoon can be in the shops by opening time the next morning.

Further, he says, if manufacturers deliver to the stores then store staff have to handle the goods putting them on to the shelves. Sainsbury uses special pallets to save handling.

Mr David Reid, finance director of Tesco, reckons the group's £80m spend on building a network of seven new "composite" warehouses – which cater for frozen, chilled and ambient temperature foods – and extending one depot in Scotland will result in annual savings of £23m and a reduction in distribution costs per case of 25 per cent.

The network will be complete by the middle of this year and the first full year of saving will be in the 1991-92 financial year. Tesco has 361 stores and each depot will serve about 50 with the capacity to handle 30m cases a year.

Vehicles will also be able to carry the range of different temperature goods, meaning that five vehicles, each set at a different temperature, can be replaced by one.

Asda has been, perhaps, the slowest of the major food retailers to set up a centralised distribution system. The group argues that one off-setting benefit of this delay has been that it could build ideal warehouses on carefully selected greenfield sites.

It is spending £165m on its system which comprises six regional fast-moving grocery warehouses, one national slow-moving grocery depot and a national non-food depot. Apart from the non-food warehouse, which will open early next year, the network will be complete this autumn.

With 80 per cent of the group's lines going through this central system the savings are expected to be around £20m a year in purely tangible benefits. On top of that will be the unquantifiable benefits of getting a tighter grip on the business.

Both Gateway and Argyll have started their distribution networks from a difficult position, since both groups have made major acquisitions. Gateway's last big purchase was of Fine Fare in mid-1986, which brought a number of depots with it. The group has cut the number of depots from 28 to 14, which alone will mean substantial cost savings, and further closures will follow.

New warehouses are being built which will be better able to handle the vast quantities of goods which need to be transported to the 800-plus shops in the chain. Operating costs will fall by around 20 per cent, Gateway reckons.

Argyll acquired Safeway in early 1987 adding it to the Presto chain it already owned. Mr Grant had been determined to set up a centralised system before the Safeway purchase, because it would better service the wide range of store types in the Presto chain, and this was in place by the time of the Safeway deal.

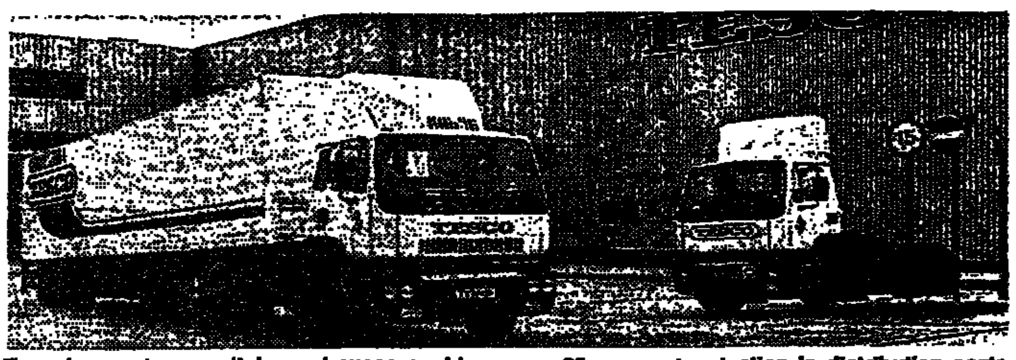
When Safeway joined the group it had two large and two small depots, and was on the point of having to build another. A further building programme started, which will be completed when a new £30m depot at Belshill in Lanarkshire, Scotland, is built. Another depot may be needed later as the group expands.

Mr Grant believes the advantages extend to include the capacity to tailor the range for a particular store to the marketing needs of that store. The orders are assembled centrally so that individual stores need not worry about losing manufacturers' bulk discounts by not taking sufficient quantities of that manufacturer's range.

He also argues that central warehousing can mean savings in the cost of building new stores. Old style stores needed plenty of back-room space to handle the goods arriving from the manufacturers' lorries. This might take as much as half the gross area of a store. Now the back room space can be cut to about 30 per cent, thus reducing the building costs.

There are, therefore, tremendous benefits and cost savings to be had from the move to centralised distribution, enjoyed by both manufacturers and retailers. Even customers benefit if the food on the shelves is fresher and there are fewer annoying gaps in the product range.

Perhaps the most important gain, though the least quantifiable, is that, as one retailer put it, "the store manager can concentrate on getting the goods out of the front door, rather than into the back door".



Tesco's new 'composite' warehouses could mean a 25 per cent reduction in distribution costs

DISTRIBUTION

EC opportunities for third parties

ASK THE man in the street to define the distribution industry and the response will probably be a blank look. Even in some boardrooms you might get nothing more than some mumbling about heavy lorries.

In fact, distribution is the collective name for a range of activities in the supply chain between manufacturer and final customer, formerly carried out separately, which have been brought together over the last decade to create what is effectively a new industry.

In this context, the term includes stock control, logistics, information technology, electronic point of sale systems, just-in-time techniques, warehousing and electronic data exchange, as well as the operation of large fleets of sophisticated vehicles – all carried out by a single operator.

The driving force behind the distribution industry is the growing realisation among both retailers and manufacturers of the important contribution to profits that can be made by an efficient supply chain.

The potential savings vary from one product to another, but there is plenty of scope. Kitcat & Aitken, the London stockbroker, estimates that distribution costs represent between 12 and 20 per cent of shelf prices.

The realisation that better control of the supply chain could increase efficiency has been accompanied by rapid growth in the market share of multiple retailers, greatly increasing their bargaining strength with manufacturers.

The result has been an increased willingness on both sides to contract-out distribution activities to specialist third party companies such as NFC, Transport Development Group, Christian Salvesen and Tibbett & Britten.

A recent study by Corporate Development Consultants (CDC) estimated that total spending on distribution in the UK in 1988 was £8.8bn, of which 33 per cent was spent with third party distribution companies.

However, a study carried out by NFC's contract distribution subsidiary indicates that the market share of third party companies in the grocery sector is around 70 per cent – more than double the level across industry as a whole.

This increased penetration appears to be directly linked to increasing dominance of multiple retailers in the UK grocery sector, which has grown rapidly over the last decade.

As the multiple groceries retailers have grown, they have mastered techniques such as direct product profitability (DPP) which allow detailed analysis of the distribution costs of specific items.

As a result, the retailers have been able to take control of the supply chain, which has moved rapidly away from direct deliveries to the back door of supermarkets to delivery through consolidation warehouses. This has relieved congestion in stores, releasing in-store warehousing for productive sales space, and improving inventory management.

Distribution includes stock control, logistics, information technology, electronic point of sale systems, just-in-time techniques, warehousing and electronic data exchange, as well as the operation of large fleets of sophisticated vehicles

The changes have caused severe problems for manufacturers, which have largely retained the distribution system that was in place before the retailing revolution. Most still have a system of multiple regional stockholding, using fixed resources without much of the former volume, which is now being sent direct from the manufacturing facility to the retailers' consolidation centres.

At the same time, of course, the manufacturers also have to maintain a national presence for their brands on sale outside the multiples, in order to guard against market penetration by local and own-label products.

The NFC study indicated that the retail multiples now have 69 per cent of the UK groceries market, compared with 50 per cent in West Germany, 45 per cent in France, 41 per cent in Spain and 13 per cent in Italy.

The proportion of the distribution market accounted for by third party operators is correspondingly lower: around 15 per cent in West Germany and France, less than 3 per cent in Spain, and none at all in Italy.

There are, of course, other reasons why third party operators have failed to make the same impact in the other major markets of Europe. For example, none of the countries mentioned has followed the UK in deregulating road transport, and some retain strict controls on what goods may be carried, policed through a rigid licensing system.

There are also some major non-tariff barriers to cross-border trade in foodstuffs, especially in ice-cream, chocolate, and pasta. Even where these barriers have been removed, as in the case of West German beer regulations, peculiarities of national taste remain.

Mr Richard Hannah, transport analyst at Phillips and Drew, says harmonisation of Value Added Tax rates and duty on wines and spirits would have a greater impact by increasing sales in many countries and offering opportunities for new distribution patterns.

There might also be a continued trend towards concentration of food companies, particularly in those countries where ownership is fragmented, and this would have an impact on pan-European distribution requirements.

The full impact of 1992 is likely to remain clouded in some uncertainty in the short term as companies continue to work out their strategy for European operations. But it is clear that the potential integrated market of 320m consumers – larger than the the US and Canada combined – offers immense opportunities for those UK third party operators which have already built up significant experience in the competitive domestic market.

The NFC survey estimated that the value of the total European Community distribution market would be around £81bn in 1992, when progress towards a single internal market is due to be completed. Given growth of 5 to 10 per cent – the present rate of growth in the UK – the value of the European market could reach £100bn by 1995.

However, the leading UK companies are unlikely to have the market to themselves, since the removal of most Customs barriers and border controls will make the European market more attractive to US and Far Eastern competition.

Kevin Brown

Branded goods manufacturers are increasing efforts to distance themselves from own-label imitators, writes **Christopher Parkes**

Innovation is the best defence against retailer power

ALTHOUGH the proliferation of supermarkets' own-label groceries appears to be slowing down, there is no indication that branded goods manufacturers are sitting back and relaxing. Indeed, all the signs are that leading producers are increasing their efforts to regain some of the ground lost.

They are using more consumer advertising, perceptibly improving quality, changing packaging and pushing new products into the market as fast as they can, trying to put a little more distance between them and their dogged imitators in the retailing trade.

Recent activity at United Biscuits illustrates some of the tactics: it started last spring, when the company delisted 20 of its oldest products, most of which had been copied by retailers. The group wanted more shelf space for its successful Hob-nob range and other premium products.

Since then it has phased in several new products, including real fruit biscuits, luxury nut and chocolate lines, and presented some best sellers like chocolate digestives in distinctive new foil packs, and stepped up promotion. The visual effect is already apparent on even a casual visit to the supermarket, although it may take longer to show through on the bottom line.

Birds Eye Wall's, the Unilever frozen food subsidiary, prefers to apply for patents wherever possible to protect its ice cream innovations. And in a relatively new departure, the Swedish manufacturer of the eye-catching new packaging for Beecham Group's Horlicks food drink has undertaken not to supply it to the makers of any competing products.

Unique packaging, however, is hard to come by and difficult to introduce, especially since retailers may be reluctant to stock anything which does not fit neatly into its valuable shelving space.

Ultimately, however, there is no defence against retailer power better than innovation in the product itself: the most difficult option. Because the technology on which most food production is based is mature, the gap is closing between private label and branded good. As a result, manufacturers often settle for second-class innovation through extension of existing lines. John Quelch, a marketing professor at Harvard Business School, argues that most producers prefer line extensions because their overriding concern is the achievement of greater efficiencies by using excess manufacturing capacity.

Line extensions can generally be manufactured with little additional capital investment on lines used for the core product. "Flavour of the month" extensions are also a useful means of catering to increasingly segmented markets.

Using one brand on a range of product variants can also be more cost-efficient than launching new brand names, with all the attendant risks, he writes in his new book, How to Market to Consumers.

"The short-term pressure on senior executives for increased quarterly earnings per share ... is reflected in a correspondingly short-term perspective toward product policy," he concludes.

"This manifests itself in frequent launches of line extensions at the expense of allocating resources to the development of breakthrough product concepts that may be more risky and take longer to develop, yet be more innovative and of more enduring value to the company."

British processors may shortly face a new challenge from the retailers in the form of products under so-called 'exclusive' brands, as opposed to those labelled with the retail chain's name

US experiences cannot always be easily applied in Britain, but there is evidence that it is possible in this case. In the US, according to a recent study by London innovation consultants, GAH, fewer than 1 per cent of new food products ever achieve annual sales of $15m. In Britain, where *GAH says about 50 per cent of all new food launches are merely line extensions*, fewer than 30 per cent of significantly new products even survive for two years, compared with 50 per cent for line extensions.

To compound matters, British processors may shortly face a new challenge from the retailers in the form of products under so-called "exclusive" brands as opposed to those labelled with the retail chain's name. Gateway, the poor relation of Britain's supermarketing élite, is the first full-scale exponent of this practice. It has invented and applied brand names to 1,300 *products* — *including Butlers* biscuits, Thistletons chocolate, Bella pasta, Good Morning cereals and Wheatfields sliced bread — and plans are under way for a further 1,000 introductions.

Gateway aims to have these "exclusives" accounting for 30 per cent of turnover by the end of the 1989/90 financial year, and is well on the way, claiming sales this year will top £1bn. Bella pasta is already a £4m-a-year brand.

The idea has worked in America, and for the Gateway chain, which has only recently emerged as the umbrella name on a chain patched together from Fine Fare, Woolco, Keymarkets and Carrefour, it seems a logical step.

The notion has been taken *even further in North America*, where consumer attitudes to own-label goods differ from those in the UK in that they are considered inferior, cheap alternatives to branded products in the US and Canada, and at least equal in Britain.

As a result, own-label sales generally account for only 25 per cent of American chains' turnover, compared with up to 55 per cent in the UK. But, with an eye on the relatively high profit margins enjoyed by British chains, the Americans are reviewing their policies.

A&P, the $10bn-a-year US group, recently pruned its own-label range, reducing its contribution to sales from an unusually high 35 per cent to 18 per cent. It then began introducing its premium-priced

Over one-sixth of US brands annual revenue comes from brands introduced over the last five years

"exclusive" brand, Master Choice, on selected products, with immediate effect. A&P says its policy is to continue introductions of Master Choice lines to the point where the company matches the national average of 25 per cent of turnover from own-brands. Beyond that, executives say, they would have to leave too many *household brand names off the* shelves.

Loblaw's in Canada has followed a similar route, adding the exclusive President's Choice brand to its existing range of standard own-label products and generic product lines. Generics, which have failed in the UK, are generally cheap substitutes for commodity products like rice and cornflakes, sold in simple packs.

Policy is that the quality of President's Choice goods should be superior to comparable national brands and that they should be sold at premium prices. As Prof Quelch points out, the national brands are increasingly likely to be caught in a pincer between the lower-priced and super-premium private labels.

The consequences include a change in manufacturers' promotional tactics. Marketing funds are switched from advertising and the long-term process of developing a strong consumer franchise and into merchandising and point-of-sale in the stores. "In other words," writes Prof Quelch, "in order to respond to the growing power of the trade, manufacturers are *shifting* their marketing expenditures in a direction which is at one and the same time responsive, but also conducive to furthering the trend."

Welter of oddities and trends

READY-TO-EAT jelly, blue cornflakes, horseradish crisps, potato ice cream, chilli-flavoured yoghurt and egg nog made with quail's eggs all made their debut on the world's food stage last year.

Their appearances were logged by Britain's Leatherhead Food Research Association, which offers a range of technical and marketing services to the food industry.

It recorded the arrival of more than 3,500 new food and drink products during 1988 in Britain alone — double the number of launches in 1987.

From among the inevitable welter of oddities, the association divined several distinct trends affecting manufacturers' innovation policies. The search for products specifically suited to microwave cooking continued, of course. French manufacturers, following the relaxation in 1987 of regulations governing synthetic sweeteners, were busy turning out low-calorie, *aspartame-sweetened* drinks and foods.

Continental companies appear to have succeeded in transplanting the fashion from Japan and the US for so-called fitness foods for sports people. West Germans have taken well to the Nesfit range from Nestlé, which includes vitamin blocks, egg white products, isotonic drinks and cereals bars.

Milchhof Niederrhein, (ED-SIC) meanwhile took a more extreme line with Top-Fit-Plus, a skimmed milk drink bolstered with egg white, honey, vitamins and grape sugar.

***Efforts to extend the* keeping qualities of foods produced a US loaf with a 60-day shelf life. In Britain Associated Fresh Foods launched Cream Delight dessert, which keeps safely outside the chiller. The Danes contributed butter safely enclosed in a Tetrapak, the paper box packing commonly used for milk.**

Always good for a laugh, the Japanese gave the world goldfish food in single-serving packs, and roadside booths dispensing lungsful of flavoured oxygen.

CP

Novel products in 1988, available from Leatherhead Food RA, Randalls Road, Surrey KT22 7RY.

The main consumers of savoury snacks used to be children — now adults are buying them

SNACK MARKET

Unlimited potential

THE BIGGEST challenge facing UK snack manufacturers is the Continental European market, says KP Foods, the snack foods subsidiary of United Biscuits.

Compared with Britain, the European market for wrapped snacks is underdeveloped: adult Continentals are more likely to pick at a "cornetto", an Italian semi-sweet croissant, in the sandwich bar, rather than a packet of crisps.

However, changes in eating habits are starting to happen, particularly in Mediterranean countries, with UK snack foods manufacturers forecastings almost unlimited potential for the major players in the snacks market. The largest players in the European industry include Nabisco, United Biscuits, Bahlsen, General Biscuit, Verkade and General Mills.

British manufacturers, some of which have been acquiring production facilities on the Continent, would appear well placed in terms of product and technological expertise to expand sales in these markets.

The major consideration for UK companies is whether or not their strategies for their very heavily promoted brands should be pan-European or more local, with British companies either looking to acquire local producers or entering into joint ventures with them.

Mr Doug Clydesdale, marketing director of KP Foods, *said:* "On the one hand we will develop core brands which will be marketed across the EC, such as Hula-Hoops, which are now being made in Belgium. On the other we are tailoring products to local market requirements, such as the Crick Croc brand in Italy."

KP Foods already has three plants on the Continent — two of them, in Belgium and France, are wholly-owned, with the UK group taking a 30 per cent stake in the third in Italy.

Just how amenable the Continent is to pan-European branding is currently being debated in the industry. Mr David Hearne, managing director of Smiths' Crisps, the Nabisco subsidiary, said European markets still had very individual tastes. In West Germany, for example, a very large percentage of snacks are paprika flavoured; in France snacks tend to be eaten by adults before a meal.

"The opportunities are there in Europe," said Mr Hearne. "But companies like ours may exploit our technological and marketing expertise there rather than brands." Smiths' — which does not own the Smiths' brand name on the Continent — already has a joint venture with Belin, Nabisco's French subsidiary, and is currently holding talks with Italian and Scandinavian companies about exporting its technologies and adapting products to local markets.

Obviously the strategy for Smiths' — and Walkers', its sister company in the UK — may change should Kohlberg Kravis Roberts, the owner of RJR Nabisco, decide to sell its UK and European food assets. Possible purchasers could include American food companies eager to get a foothold in the European Community prior to 1992.

In the UK Nabisco's food interests include Huntley & Palmer biscuits and the Smiths' and Walkers' snack foods businesses, while Continental operations, in France, Holland, Spain, Italy and Denmark include some snacks production alongside biscuits production.

Nabisco said that KKR had left the decision as to which assets should be disposed of to Mr Louis Gerstner, RJR Nabisco's new chief executive. Nabisco said: "We think there is a high probability that the UK and European businesses will be sold and we will know by the end of this month."

Possible US purchasers tipped by the industry include Frit-O-Lay, the PepsiCo food subsidiary, while UK purchasers might include United Biscuits, Northern Foods and Associated British Foods. The auction is also generating interest among European food companies with BSN of France and Bahlsen of West Germany seen as the most likely bidders.

So why are wrapped snacks so popular in the UK and US and becoming more acceptable on the Continent where, until recently, traditional eating habits, and traditional snacking habits, have prevailed.

One of the main reasons is that they fit into the current demand for convenience eating with people eating when they feel like it rather than sitting down to a formal meal. "The break-down of formal eating is driving the market," says Mr Hearne." He sees that trend continuing and identifies the current increase in the purchase of multi-packs of product as *indicative* of how snacks are becoming a staple of the British diet. "Snacks started out as impulse purchases," says Mr *Hearne.* "*But now people are* regularly buying boxes of up to 20 packets of crisps for example."

While crisps make up the largest part of the UK snacks market, with sales estimated at £664m of the total £1.1bn market; the fastest growing segment is that of savoury snacks which in 1988 showed a 22.8 per cent increase to £328m. Nuts, in comparison, showed a 6.7 per cent increase in sales to £128m.

Savoury snacks, a phenomenon born in the late 1960s, are extruded products; with brands including Phileas Fogg, Hula Hoops, Skips, Smiths' Quavers, Golden Wonder's Wotsits, Monster Munch and Cheese Crunchies.

Further growth of these products is assured, says KP, in its recent report on the snacks industry, which attributes the growth to the appeal of the products to a wider audience.

"When savoury snacks were first widely available in the 1960s the main consumers were children," says the report. "These children have now grown up into adults who are eating more snacks themselves — particularly the brands with a more sophisticated profile — and are used to having snacks around as an everyday item.

This acceptance of snacks can be translated into an implicit endorsement which is increasing consumption by children as well."

Lisa Wood

YELLOW FATS

Proliferation of labels

CONVENTIONAL wisdom in the food industry says that the pressure on supermarket shelf space is such that the average retailer will stock the first and second ranking brands in any particular product sector, complemented by its own label versions.

This is not quite the case at the butter and margarine end of the cold cabinet. In a typical large Tesco store, the patient shopper can count more than 50 brands of yellow fat, including butter, sunflower margarines, low fat spreads, dairy spreads and standard margarine. The tally will include about 15 types of butter and almost the same number of brands of low fat spread. Allowing for different pack sizes he or she will be confronted with a choice of more than 70 different product lines.

This is an extreme case of market segmentation, says Mr Guy Walker, chairman of Van den Berghs, the UK oils and fats subsidiary of Unilever, brought on by a fit of desperation among dairy companies. Seeking some consolation for the unstoppable decline of butter sales, they have diversified into other yellow fat spreads, mixing butter, vegetable oil, water and other ingredients in any number of combinations and under a proliferation of labels. Mr Walker, whose assorted brands like Flora, Stork, Blue Band, Krona, Echo and Summer County, account for almost 50 per cent of the margarine market, is unhappy.

"We used to have a nice, tidy market. Now there are dozens of cross-over points between margarine and butter. If the dairy companies realised what it will cost them to establish their brands they might not be quite so brash," he says.

Unfortunately, the dairy companies have little alternative to seeking substitute products into which they can shift cream and butterfat supplies diverted out of the spreads market by the inexorable decline of the butter market. Latest government figures, published in the Ministry of Agriculture's National Food Survey, show that butter consumption has fallen by more than 50 per cent since 1980. From more than 4oz weekly, the average person's intake is now down to 2oz.

In any case, products like Clover and Golden Churn, containing about 75 per cent dairy fat as opposed to more than 80 per cent in butter proper, appear to have established themselves in a strong niche. According to the Mintel market research company, volume sales of dairy spreads have increased almost six-fold since 1984, and represent one of the strongest sectors in the yellow fats market overall, with sales totalling £82m last year.

This is no mean performance in a market which is in decline. Mintel calculates that volume sales of yellow fats fell 9 per cent between 1983 and 1987. Driven down partly by a general perception among consumers that they should reduce their intake of fat – particularly of animal origin – and also by increased use of vegetable oil for cooking and the fact that modern butter substitutes are soft and tend to be spread more thinly, sales are unlikely to increase in volume terms.

Opinions differ on the future of the industry, but there is general agreement that the so-called "health" brands, including polyunsaturated margarines and low fat products, are most likely to prosper. According to St Ivel, manufacturer of the Gold range of low fat spreads, health products will account for 60 per cent of the total yellow fats market by 1992. This prognosis bodes ill for the butter and conventional margarine makers, but it is worth recalling that the butter business was written off by the margarine lobby from around 1900, when the Stork brand was first registered. There is now some evidence that butter, especially premium brands, may be settling into a niche where it is used for entertaining and as an occasional indulgence.

'Health' brands are most likely to prosper

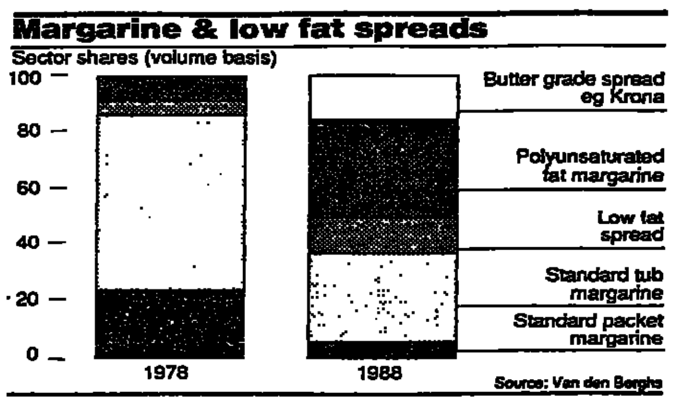
It should also be remembered that Flora, Van den Bergh's polyunsaturated fat (PUFA) margarine made hardly any progress for the first 12 years of its existence until it received a boost from a Royal College of Physicians report in 1976, which recommended increased consumption of polyunsaturates. Also, competitors point out, its most recent advances have been at least partly attributable to substantial price reductions. In 1985 a pack of Flora cost 79p and had since fallen to as little as 55p.

Still, from £30m sales at retail prices four years ago, Flora now boasts sales of £100m, and claims a 13 per cent share of the total yellow fats market. This might be even higher if the company were allowed to use official dietary advice in its advertising. The "Get Heart Smart" slogan is common in US margarine promotions.

But the British authorities still fight shy of allowing health claims – even the subtlest hints. Mr Walker is still puzzled by a decision which obliged him to scrap a Flora commercial which showed nothing more "healthy" than a man carrying a tennis racket.

Christopher Parkes

Margarine & low fat spreads



Source: Van den Berghs

The petfood market has advanced as attitudes to animals have changed

Bought food supersedes scraps

THE international petfood manufacturers' league is preparing for an unusually lively bout of competition. The initiative is being taken by Nestlé, the Swiss multinational, which is currently completing a revamp of its world interests in nutrition for cats and dogs.

Since entering the market in 1985, when it bought the US Carnation group, it has acquired half a dozen other petfood makers, including brand leaders in Canada and Japan, Unilever's British brand, Frisk, and other companies in Switzerland, Norway and West Germany.

By the end of last year the group claimed a 10 per cent share of world sales, ranking fourth largest manufacturer in the world behind Mars, Ralston Purina and Quaker Oats – all of the US. Global sales had increased by 50 per cent since the Carnation takeover, the company said.

To support its international network of companies, it has invested £40m in a research and development laboratory complex in St Jo, Missouri. The final move will involve unifying its range of products under the Friskies trade mark, and dropping the Carnation name, which is to be reserved exclusively for human foods.

Promotion charges will be heavy. Nestlé's British subsidiary alone has budgeted for a £8m launch of Friskies in 1989.

As in most food industry sectors, the European market is the focus of most interest as it prepares for 1992.

Quaker Oats, which stands at number two in the European rankings behind Mars, last year closed a factory in Denmark. It recently announced two further closures and the transfer of production to a new works in the Netherlands, in a move which involved a charge of $21m or 19 cents a share in the third quarter.

As well as restructuring for manufacturing efficiency, it is also preparing to shake out its community sales and distribution network, possibly imposing a centralised structure.

Although Quaker is best known for its human foods, products for pets last year accounted for 60 per cent of its $970m European turnover.

According to studies by Frost & Sullivan, the international market research group, sales of prepared petfood in the community are expected to rise to $6.65bn in 1992 from $4.98bn in 1987. Ownership of animals is likely to rise under an assortment of influences ranging from the ageing of the population, a rise in the number of single person households, and a general increase in affluence.

The biggest increases in food sales in percentage terms are expected in Italy and Spain, where Frost & Sullivan predicts rises of 68 per cent and 64 per cent respectively. However, the best growth in value terms is expected to come from West Germany and France.

Despite appearances, and excluding fish, which appear to have a special place in people's affections, the British pet population relative to the human

population, is among the lowest in the Community. Human Britons outnumber domestic animals three to one, compared with the two to one ratio in France, Belgium and the Netherlands. Even so, the UK was the biggest market for pet products in 1987 with sales of some $1.9bn and due to increase by 20 per cent by 1992. West Germany, with an even lower pet concentration, ranked second at $1.8bn and expecting a 30 per cent rise.

About 90 per cent of pets kept in the eight community countries studied by Frost & Sullivan – Belgium, Luxembourg, Netherlands, France, West Germany, Italy, Spain and the UK – are either cats or dogs. Almost half the cats are concentrated in France and the UK, and almost a third of the dogs are kept by the French.

Growth in the petfood market, which has been matched in some countries like France by strong growth in seasonal fashions in doggie coats and cat collars, has advanced as people's attitudes to animals have changed. A 20-year analysis of relationships in West Germany showed that the percentage of owners regarding their pets as members of the family as opposed to mousers or rat-catchers increased from 33 per cent to 58 per cent in the case of cats and from 35 per cent to 59 per cent for dogs. Accordingly, they have been fed increasingly on bought prepared food as opposed to being left to forage or make do on table scraps. In France, for example, the proportion of cats and dogs fed exclusively on scraps fell from 37 per cent to 13 per cent between 1975 and 1987.

The company best placed to benefit from such changes is Mars, the secretive US confectionery giant. It is market leader in all the European countries, with shares ranging up to 60 per cent in the UK and 52 per cent in France. In almost every case Quaker comes second with Nestlé in third place. In Britain, however, Spillers, the Dalgety subsidiary, holds the second position.

Despite the international predominance of the US manufacturers, Spillers last summer made international advances of its own with the signing of a marketing agreement with Asahi Breweries to sell its products in Japan, reputedly the fastest growing market in the world. Only 20 per cent of Japanese cats and dogs are currently fed processed food. This is perhaps hardly surprising, considering that Spillers Winalot Prime sells at about £1 a can, compared with some 35p in the UK.

But even at European prices, pet keeping can be a costly business. German studies have elicited the information that bed and board for a cat may cost the owner $6,000 over the animal's 13-year life. The Italians adopt a more economical approach. Only 15 per cent of dogs and cats are fed processed food at the moment. Dogs, it seems, thrive on spaghetti and even rice. Sales of 8,500 tonnes of pasta for pets were worth $13m in 1987, and estimates suggest this could increase to 40,000 tonnes.

Christopher Parkes

● *Petfood and Pet care products in Europe. Frost & Sullivan, 4 Grosvenor Gardens, London SW1W 0DH, or 106 Fulton St, New York, NY 10038.*

FROZEN FOOD

Manufacturers feel a chill wind

THE UK frozen food market is showing some signs of premature ageing. It bears many of the indications of maturity – particularly low volume growth – and its share of the total packaged groceries market has grown by less than two percentage points in the last eight years.

Still, it is making some advances. Retail sales last year increased by 6.7 per cent, ahead of inflation, taking the value of the business (excluding ice cream) to almost £1.8bn.

Leading manufacturers remain indomitably optimistic. They point to 82 per cent household penetration of freezers, 42 per cent ownership of microwave ovens and demands for convenience.

However, recent developments in the freezer market, especially a swing away from capacious chest models to less roomy uprights, suggest constraints on storage space. These are exacerbated by the fact that in the average home almost a quarter of the freezer is occupied by frozen chips and other potato products.

The microwave oven, often touted as the ideal cooking appliance for frozen foods, is, sadly, more often used for defrosting a chicken, baking a potato or making a cup of instant coffee. Food manufacturers in every sector have run into difficulties concocting dishes which can be cooked satisfactorily in a microwave. Of 3,500 new frozen, fresh, chilled and canned food products launched in the UK last year, only 4 per cent were specifically marketed as microwaveable.

Even in the US, where the electronic ovens are now installed in more than 75 per cent of homes, microwaveable foods account for less than 2 per cent of food spending, and half of that goes on popcorn.

Further potential difficulties may crop up as a result of the development of the market for chilled ready-meals and prepared fresh vegetables in controlled atmosphere packs. These compete directly in the high-added-value sector of the market where the leading branded frozen food manufacturers are directing most of their efforts.

A 30 per cent increase during 1987 in sales of larder refrigerators, which have no ice or freezer compartment, bears witness to the rising popularity of fresh or chilled products. Relatively slow growth in sales of frozen desserts illustrates the difficulties of competing with nominally "fresh" goods on offer in the chiller cabinet.

The frozen pizza market has suffered similarly, and intense price competition in the early part of the 1980s also led to some deterioration in quality. According to Market Assessment's latest report on the industry: "This volume expansion at the expense of quality has ... stifled the rate of real value growth." However, it adds, the market is still relatively young and should be capable of further growth. The rising predominance of strong brands in pizzas, notably the Ross and McVitie's names owned by United Biscuits, which have about a 20 per cent share of the £73m market, should help ensure that quality is maintained. The effects of the sector's difficulties are illustrated by the fact that sales increased by 50 per cent over the five years to 1988, compared with more than 600 per cent for ready meals.

While vegetables still account for 56 per cent of all frozen food volume, their share of sales by value is less than 30 per cent. Since the start of the present decade, the share of market value attributable to commodity products has fallen from 61 per cent to 45 per cent.

This shift appears to be accelerating, according to a report recently published by Ross Young's, the UB subsidiary. This shows ready meals progressing rapidly from their low base, but with total sales of prepared meat and fish dishes only £200m last year, there is clearly plenty of scope for expansion.

The leading branded manufacturers perhaps signalled their intentions last year, when, according to Ross Young's, total industry advertising expenditure increased by 37 per cent. This indicates increasing competitive pressure on the plethora of small, independent manufacturers which has invaded the marketplace. They have been assisted by the relatively low entry costs: because companies such as Christian Salvesen and Frigoscandia offer contract freezing facilities, new entrants have relatively low capital requirements.

But lacking the sophisticated research and development facilities of the larger groups, they may find themselves either squeezed into low added-value sectors, or even out of the business altogether.

According to Ross Young's, Birds Eye Wall's, the Unilever subsidiary, and United Biscuits together accounted for more than 30 per cent of the total market. Other brands came under pressure and many showed declines. The big names generated two-thirds of the growth in the added value sector, and at the end of 1988, had increased their share of this premium business to 42 per cent.

Last year also saw significant changes in the industry's structure which are likely to promote these trends. The most important was UB's purchase of Ross Young's from Hanson. The biscuit maker immediately reversed its existing frozen food interests into the acquisition, and started applying the promotional spending and top level management attention which it could not expect under its former conglomerate ownership.

Earlier, Campbell Soup of the US had bought Freshbake, a small but highly successful player, putting the Freshbake management in charge of the whole operation. Campbell's is best known in the UK for its canned soups, but it is a major force in north American frozen foods markets, specialising in high added-value dishes.

Other recent developments included the arrival of Heinz's first frozen food offerings in the low-calorie prepared meal sector, and a promotional push from Findus, the Nestlé subsidiary, behind its Lean Cuisine label which Heinz seeks to challenge.

Longer term, the branded manufacturers expect to see their concerted efforts increasing the decline of smaller makers' brands, and maybe even pushing back some of the gains made by supermarket chains' own-label goods. These have uncommonly high shares of sales in most sectors, ranging up to more than 50 per cent in vegetables.

Christopher Parkes

Packaging must sell the product as well as keeping it in top condition

Wrapped up in marketing

PERHAPS THE only food in the world to come ready wrapped in an easily removed, bio-degradeable package is the banana. But even this fruit has its drawbacks for the food handling industry – its shape does not fit easily into boxes or crates.

Handling the vast volumes of food which are now sold through superstores requires the packaging industry to come up with ever more clever ways of wrapping food to make it easy to transport, handle and stack on shelves.

But packaging must do far more than that. It must keep food in top condition – the packaging industry is fond of pointing out that the shortage of food in the Third World is exacerbated by the lack of packaging, which means much food rots before it can be transported to the consumer.

New packaging processes are being developed continuously to help keep food in better condition. One example is of plastic packages which contain their own "atmosphere" with the air inside modified to include the right proportions of gases which help to preserve the food, and make it look appealing.

In these days of intense competition between different manufacturers' brands, and supermarkets' own brands, the package must help sell the product to the consumer. Winning space on the supermarket shelf is essential to success for a brand.

Marketing has become one of the key words in selling packaging these days. It has to some extent enabled the packaging industry to raise its prices, although trying to extract money from the food multiples, which often dictate to manufacturers how food should be packaged, is never an easy task.

Packaging must, therefore, be eye-catching on the supermarket shelf – a consumer may take only a few seconds to decide between two alternative products so the attention of the shopper must be grabbed.

That often means a different shape of package, requiring the packaging maker to be able to design and produce unusual shapes quickly. Or it can necessitate high quality printing on the package to capture the shoppers' interest.

Another idea is to allow the product to sell itself by wrapping it in a clear package, which can enhance the look of contents. One good example of this is the STEP can developed by Metalbox Packaging in conjunction with Marks and Spencer.

This package is essentially like a can, but the walls are made of clear plastic rather than metal. The top and bottom are of metal, with an easy-to-open top under a replaceable plastic lid.

This has proved a great success for selling fruit such as *grapefruit segments*, peach slices or raspberries. The shopper can see that the fruit is unblemished – and more importantly can see that the package is full of fruit and not juice. Customers are prepared to pay more for the goods, because the package has attracted them.

Another example is the new range of "Vistapac" products launched recently by Lin Pac Plastics. These clear plastic trays and boxes, made from oriented polystyrene, allow more light through than normal clear plastic packages, and actually enhance the look of the product inside. They can be used for cakes and biscuits, salads or meat.

As well as catching the customer's eye, packaging can help to sell the product if it makes the food easier to prepare. For instance, food is now often cooked in the packaging it comes in.

Microwaveable meals have become more and more popular as the number of households with microwave ovens increases. Many such meals come in a plastic tray with a film lid. The consumer pierces a few holes in the lid, to allow steam to escape while cooking, and puts the package in the microwave. The fact that this avoids the need to wash up a dirty saucepan may alone persuade a busy shopper to buy the product.

The pace of development of new types of packaging is such that sometimes the package can lead the food product. Low & Bonar, for instance, has developed a package which allows poppadums – the crisp, spicy Indian snack – to be cooked in a microwave. The package is a kind of envelope which expands as the poppadums inside expand when they are heated.

Another idea is the "lunch bucket" developed by DRG. This is essentially a plastic tub containing an individual food portions such as chilli con carne or minestrone soup. Similarly, this goes straight into the microwave oven. It has been successful in the US and is now being launched in the UK.

One important aspect of many of these types of packaging is that the package can stand up to the cooking done by the manufacturer as well as the reheating in the consumer's microwave.

Other developments allow food to be kept for a long time without being *frozen* – which can mean a great saving in storage costs. Metalbox Packaging last summer opened a factory to make Lamipac, a plastic tray which can keep food for two years at room temperature. The package is being used, for instance, for Sheba cat food, Boots' Shapers range of diet meals, and a range of up-market French pâté.

The package which has, perhaps, *brought the most joy to* young consumers is the squeezy tomato ketchup bottle. Although costing significantly more than the glass version, this plastic bottle has won a large proportion of the supermarket shelf space devoted to ketchup. As one packaging analyst described it "it's a deadly weapon in the hands of a nine-year-old".

Maggie Urry

CANNED FOOD

Innovation for survival

THE MARKET for canned food, yesterday's convenience food, has been undergoing a difficult time in recent years as both changing consumer attitudes and the greater availability of alternatively packaged goods have combined to curtail sales.

MSI Database, the market research organisation, says in a recently published report: "With the increased consumer trend towards fresh and more natural styles of food, the canned food market has tended to stagnate as a consequence of its old-fashioned and unhealthy image.

"The manufacturers within the industry have been forced to widen their product ranges, and boost their product promotion while re-positioning the products in line with current trends in order to survive."

For while convenience foods are growing in popularity, increasingly chilled and frozen goods, rather than canned goods, *are tending to satisfy* this demand. MSI said: "Frozen food producers have created a 'fresh' image for frozen goods, and this has been of significant importance in this developing sector."

The biggest segment of the canned food sector is that of canned vegetables, followed by canned meat, fish and fruit. Product innovation in the sector has tended to come from the fruit and vegetable canners with meat canners of products, including corned beef, still struggling to give their products a new image.

UK Market for Canned Foods

Year	Value (£m)	% Change
1983	1.4	-
1984	1.4	1
1985	1.5	6
1986	1.5	3
1987	1.6	2

Estimated 1983-1987
Source. Trade and MSI

In the canned vegetables sector baked beans held volume sales while demand for other vegetables slackened. Baked beans are one of the canned products perceived as being most compatible with the lifestyles of the 1980s, with the product not only being high fibre but also a easily heated snack – this is in a marketplace where snacking is increasingly replacing formal eating.

MSI said that the manufacturers, for their part, had increased interest in the product through launching low sugar, low salt versions of the traditional item.

Along with convenience has come interest in continental cooking and other canned vegetables that have increased sales include the ubiquitous canned tomato – the majority of which is from Italy.

The introduction of new exotic types of foreign fruits, as well as the development of juices in which products are kept, has helped revive the ailing health of the canned fruit segment of the market.

Two major reasons are identified for the decline in canned fruit sales prior to 1986. The first was the desire to experiment *with increased novelty* coming from fresh and frozen alternatives. Additionally, *there was increasing concern* over the high sugar content of fruit in syrup.

However, over the last two years companies, including Del Monte, the market leader, have invested heavily in the development of new products including canned fruit in juice. Del Monte in 1986 withdrew from the canned vegetable sector and is concentrating efforts on canned fruit.

Lisa Wood

Accounting for tastes

Continued from Page 1

reversed its existing UK business into Freshbake, and now stands third in the market. This was followed by the United Biscuits purchase from Hanson of Ross Young's. These three, with Nestlé's Findus brand some way in the rear, seem likely to dominate the British trade.

Nestlé and Unilever, meanwhile, are already prominent in every European market, and a similar evolution seems to be under way in the Community as a whole. The international instant coffee trade is very much the domain of Nestlé and General Foods – maker of Maxwell House – and other sectors where there are no overriding considerations, such as wildly varying taste preferences, can be expected to go the same way. The shift is already happening in pasta, ice cream, chocolate confectionery and petfood, where Nestlé is busily trying to establish itself as a challenger to Mars and Ralston Purina in the global market.

Events in the chocolate business forcibly highlighted in Britain the vigour with which the international operators are preparing their positions for the completion of the internal market. The Swiss raid on Rowntree prompted a nationwide attack of the jingoistic vapours, but it was only one manoeuvre in an international action involving many of the world's largest food makers.

There was more bluster when BSN bought HP Sauce and Lea & Perrins, another British "institution", but no fuss at all when it tied its Kronenbourg beer business to Maes in Belgium, or merged its Italian brewing interests with Peroni. Only last month, the company once again exploited its long-standing relationship with Italy's Agnelli family – which helped it into Italian pasta and mineral water – when it took stakes in Star, a groceries manufacturer with strong positions in both Italy and Spain.

Mr Antoine Riboud, BSN chairman, has clearly mastered the art of wheeling and dealing in the Continent's close-knit national food processing communities, where a quoted company is a rarity, and family managers tend fiercely to protect their interests, especially against foreign predators.

Mergers and joint ventures *are notoriously prone to failure*, but many food companies appear to be choosing this route both as a means of gaining critical mass the better to compete in the enlarged market, and as a means of protecting themselves against takeover. In January, for example, three of Denmark's leading food companies, Danisco, De Danske Sukkerfabriker and De Danske Spritfabriker linked to *form* a group with almost $2bn annual sales.

Ebro, Spain's largest sugar producer, alerted by increasing European concentration in commodity markets, has also been active. Although Spain's food industry is often included among those set to profit from 1992 – it has a favourable production climate, and relatively low labour costs – it is extremely fragmented and lacks the economies of scale needed to compete with the multinationals' branded might. Accordingly, Ebro has set about establishing a network of joint ventures and has recently taken varying proportions of the equity in Herba, Spain's largest rice producer, Vasco da Gama, a Portuguese fish canner, a vegetable processor in Basque country, and Ventex, a leading grocery distributor. In each instance, the original management was assured that it could stay and that Ebro's role would be largely limited to that of financier and supplier of central services.

The British have tended to be more straightforward, electing for takeovers, with Dutch companies figuring strongly in their strategies. Perkins Foods, the USM quoted company, Unigate, Hazlewood Foods, Albert Fisher, not to mention Unilever, have all recently invested in the Netherlands. In the past two years alone Hazlewood has bought 12 Dutch food makers. According to Hazlewood executives, dealing in the Netherlands is easier than elsewhere in Europe because of the long-standing relationship between the two countries and the relative lack of language difficulties.

Dutch businesses are also favoured because they traditionally export a high proportion of their output to other continental countries. About 70 per cent of Hazlewood's Dutch production is sold outside the Netherlands. Such distribution links can be as important to an acquiror as a company's production facilities: when BSN bought HP Foods last year its intentions were more focused on funnelling French products into British supermarkets than on spreading British brown sauce across Europe.

Similar strategies may also lie behind the recent acquisition of Britain's Princes Foods group by Mitsubishi Corporation – the first of an expected wave of Far Eastern food makers moving into Europe – which happened to include a handy Dutch subsidiary.

While established multinationals are under less pressure to acquire, they are clearly feeling the need to accelerate the integration of their European businesses. When trade barriers are removed there will no longer be any justification for having, say, a margarine factory in every Community country. As food retailing becomes internationalised, they will be confronted with ever greater demands for bulk discounts. To maintain their positions they will have to reduce costs further. Product packs will be harmonised, distribution centralised, and production confined to a limited number of strategically positioned factories. General Foods, the Philip Morris subsidiary, recently set up a European headquarters in Paris to co-ordinate the activities of its 19 European factories, which last year turned over $1.8bn.

Nestlé is centralising production of products like breakfast cereals, and Unilever is preparing for a wholesale review of its food operations, which span almost every sector in every country in the non-communist world. Rationalisation of food facilities in Britain has brought many redundancies, most recently with the announcement of 1,000 job losses at its Liverpool frozen food works. Indicating the scale of pruning still to be undertaken, group executives recently estimated that 25 per cent of the company's 200 European factories (including non-food plant) would probably be closed in the next five years.

COMMODITIES AND AGRICULTURE

Coffee free-for-all looms after London talks failure

By David Blackwell

THE INTERNATIONAL Coffee Organisation's attempts to find a way forward towards a new coffee agreement have once again ended in failure, making more likely the prospect of a free market in September when the current pact expires.

Delegates from the 74 producing and consuming nations struggled to make progress over the past fortnight, even extending the talks into Saturday. But they could agree only to meet again in June. Any decisions made then could be too late to stop prices collapsing as export controls end.

Yesterday on the London Futures and Options Exchange (Fox) the July robusta contract lost £35 a tonne to close at £1,083 a tonne. But the fall was only to around the levels obtaining for most of last week; prices rose sharply on Friday after the US, the biggest consumer, appeared to weaken its tough stance towards the talks.

The US is determined not to enter a new agreement unless a solution is found to the so-called two-tier market, under which producers sell coffee to countries outside the ICO at discounts of up to 50 per cent. Last Thursday it appeared to be softening its approach as the Colombians tried desperately to come up with a compromise solution.

But on Saturday Mr Jon Rosenbaum made it clear that the US delegation would not come from Washington to the June talks unless there were proposals acceptable to both consumers and producers to solve both the two-tier market problem and the problem of availability of supply of top quality coffee to ICO members.

The US and the other consumer countries are united in wanting a universal quota system, which would cover both exports to ICO members and exports to all other countries. But Brazil, the biggest producer, has ruled out the universal quota plan. It wants the present quota system to continue and will brook no reduction in its own export quota.

Not only were the producers and consumers far apart throughout the talks, but the producers were divided among themselves, coming up with four or five different proposals. While Brazil has said it can live with a free market, other producers, particularly the African robusta growers, fear the price crash that would follow. The so-called "other milds" producers, mainly Central American growers of arabicas, want a proposal that would give them a bigger market share at the expense of Brazil.

Colombia, the second biggest producer, relies on coffee for 30 per cent of its export earnings, and consequently fears a collapse in prices more than Brazil, which relies on the crop of just 6 per cent of export earnings. Its proposal, which came closest to providing a way forward, envisaged exports to member and non-member countries being regulated by separate quotas.

From now until the June meeting there will be frantic lobbying around the world as countries dependent on coffee earnings sound out the possibilities for negotiation. Analysts said yesterday that the mere fact that the delegates were meeting again in June would stop the market from collapsing yet. "There's hope – not much – but they're going to talk again," said one.

There is also a suspicion that the US and Brazil – the two main protagonists – will not in the end want to see the ICO go under. Neither side really wants prices to collapse, said one analyst. The US can more easily support Latin American debtor countries through the ICO, without having to give direct foreign aid, and Brazil, with a small crop this year, will be keen to see prices supported.

Ministers meet for crucial price talks

By Tim Dickson in Luxembourg

ABOUT 500 angry farmers yesterday greeted European Community Farm Ministers as they arrived in Luxembourg for what has been billed as the crucial meeting of this year's price fixing negotiations.

The demonstrators even booed Mr Ignaz Kiechle – the portly West German, normally seen as the farmer's friend – underlining their opposition to the broad price freeze for 1989-90 which is currently on the table from the European Commission.

Conscious that most ministers are also unwilling at this stage to accept the Brussels medicine as it is now constituted, the Spanish chairman of the Council, Mr Carlos Romero immediately put forward his first official compromise proposal to break the deadlock.

It contained a number of items such as an unspecified reduction in the sugar price – "less than" the 5 per cent proposed by the Commission – which had appeared in a so-called "non-paper" produced at the last council meeting in Brussels.

It also suggested that the period during which guaranteed EC intervention purposes are made in the cereal sector should be cut by just one month, rather than by three months, in two stages, as proposed by the Commission.

Most observers doubted whether the latest Spanish initiative would do the trick. Many believing that the key may lie in the Commission's next move.

Although Mr Ray McSharry, the Agriculture Commissioner was said to be unhappy about several points in the Spanish paper there was speculation last night that he might consult his commissioner colleagues tomorrow or on Thursday about possible concessions.

The result of the meeting – which some say could go through the week – will probably depend on the outcome of two key battles. One is over the Commission's plans to go further than the measures already taken in the cereals, oil feeds and sugar sectors under the so-called budget "stabiliser" programme – and whether it will meet any of the demands for an effective increase in milk quotas.

The other is that hardy annual over monetary compensatory amounts – the system of cross-border subsidies and levies used to iron out distortions caused by real exchange rates diverging from the "green" rates used to translate EC prices into national currencies.

Report details fall in UK farm incomes

By Bridget Bloom, Agriculture Correspondent

THE MOST comprehensive official statistics yet published on the financial status of Britain's farmers show that net income of those depending primarily on arable crops was cut by more than a half in 1988 with a further marked fall forecast for 1988-89.

According to Farm Incomes in the UK, just published by the Ministry of Agriculture, net income of large arable farmers fell from an average of £30,500 in 1986-87 to £10,000 in 1987-88. Small and medium-sized farms registered somewhat lesser falls, from £4,300 to £2,800 and from 7,700 to £3,600 respectively.

The decreases are attributed to poor weather affecting growth and harvest of cereals and other crops, as well as to substantial cuts in farm-gate prices mainly a result of reforms of the European Community's common agricultural policy.

However, dairy farmers, who have been subject to production quotas since 1984, have seen their incomes rise steadily - from an average of £12,600 for 1986-87 to £17,000 in 1987-88 for medium sized farms and from £27,600 to £35,400 for larger ones.

The new incomes report confirms overall income figures first published in this year's Annual Review of Agriculture but elaborates on them. Commenting on the report, Mr John MacGregor, the Minister of Agriculture, noted that the "narrow measure of aggregate income fell by 28 per cent in real terms" between 1986-87 and 1987-88.

However, he said this did not "give a complete picture and was not an adequate guide for policy." Other measures of income at aggregate level, including cash flow, showed smaller, although still substantial falls, ranging from 11 per cent to 25 per cent.

According to the report, there are some 255,000 farm holdings in Britain, 48 per cent of which occupy less than 20 hectares. These very small farms were surveyed by the ministry for the first time in 1986, when net farm income averaged under £400 a year – although farmers and their spouses had aggregate incomes from non-farm sources averaging some £9,000 a year.

In 1987, net farm income from these small-holdings more than doubled to exceed £800 a year on average, while off-farm incomes increased by about 7 per cent to almost £9,650 a year.

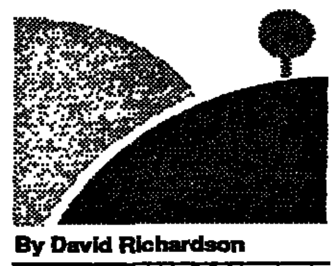
The report contains tables covering farmers' incomes as assessed for tax, which show that over the ten years from 1977-78 to 1986-87 income from agriculture and horticulture accounted for between a half and two thirds of all farmers' annual total income. Investment income accounted for about a fifth of the total, whilst income from non-farm employment has varied between a seventh and fifth of total income. Pensions accounted for about one twentieth over the whole period.

* *Farm Incomes in the UK 1989 Edition. HMSO £15.25*

Biological luddites hold back progress

Call for ban on dairy hormone is based on fear and ignorance

FARMER'S VIEWPOINT



By David Richardson

THE PANIC-STRICKEN tail of agriculture is trying to wag the balanced scientific dog.

Not since the Luddites smashed labour-saving machinery at the beginning of the last century has there been such an irrational response to progress by people who would have reacted quite differently a year or two ago.

The object of all the emotion is a substance secreted by the glands of every dairy cow. It is called bovine somatotropin (BST), and it has a significant effect on the appetites of the animals, as well as on their ability to give milk.

Scientists have discovered, in fact, that a synthetically-produced duplicate of BST, introduced in tiny quantities into a cow's blood stream, will stimulate her to eat more fodder and produce up to 20 per cent more milk.

In tests conducted on a few hundred British cows the animals are reported to have remained in good health; to have yielded significantly more milk than their untreated sisters, at lower cost; and to have behaved and reproduced normally in every way. Their milk was analysed and was indistinguishable from that produced conventionally.

Many more tests would be required over a long period, however, before BST was licensed for general use. An acceptable method would also have to be found to administer it to whole herds of cows either orally or through slow-release pellets. Fortnightly individual injections under veterinary supervision as used in the experiments would not be practical for large numbers. Widespread use of BST is, therefore, a few years away.

But a few days ago the Council of the National Farmers' Union of England and Wales endorsed a series of proposals from its milk committee actively supporting a ban on the product on a European Community basis until there was clear evidence that its use would not damage the market for milk. The NFU further called for an urgent EC investigation into all aspects of BST, including land use and consumer perceptions.

The Union also insisted that licences for the general use of products such as BST should be granted only on the basis of objective criteria – in other words, only after comprehensive testing legitimately demanded by consumers had cleared it of all possible risks. But that totally acceptable condition, of course, contradicts the other two demands.

To be fair, it is not hard to understand, following the rash of food scares over recent months, why milk producers fear for future sales. Consumption has fallen steadily since cholesterol was identified as one of the causes of heart disease, and, if milk drinkers thought their pintas contained some obnoxious and dangerous drug, they would inevitably buy even less.

That, however, does not appear to be the case in milk produced with the aid of BST. Residues of it have so far not been traced in milk, except at levels which occur naturally. In any case, the tests are not complete and, until they are concluded to the satisfaction of all concerned, licensing is not an immediate issue.

Meanwhile, in defiance of the advice of its president, Mr Simon Gourlay, who said it would be wrong for a dynamic industry like agriculture to turn its back on progress, the NFU Council called for a ban on the product.

One of the arguments against BST has been that, in the presence of milk quotas which restrict output per farm and of set-aside schemes which take land out of production, there is no need to maximise yields. If it is confirmed, however, that the use of BST is not only ethical and safe for man and beast but also economically significant, other countries with more sophisticated farmers will certainly use the product and the UK will be left at a financial disadvantage.

The rejection of legitimate and costly research by pharmaceutical companies for unscientific reasons may also lead to a withdrawal of their resources from agriculture. As the world population and, therefore, the need for food doubles over the course of the next 50 to 70 years, such a change of policy could have serious consequences.

But the farmers who voted against BST were, to some extent, following the example of the European Parliament and the Commission. A couple of years ago, they imposed a ban on the use of anabolic growth stimulators for beef cattle, without ever considering the evidence of a special scientific committee set up to investigate the matter.

Stories of small Italian children with enlarged genitals, supposedly caused by the products, were splashed all over the European press, and Euro-politicians reacted by imposing a ban on all such growth stimulators, including those licensed in this country as completely safe. Coincidentally, the ban also cut beef production at a time when it was in surplus across the EC.

But the problems of the Italian children were never positively associated with growth promoters, so could have been caused by something quite different. And the ban on the use of the products in Europe has led to a trade war with the US, where they are widely used and accepted as beneficial to economical beef production and improved meat quality.

The European Parliament would have heard, if it had bothered to listen to its scientific committee, that a pre-pubertal boy would produce 4,000 times as much hormone as he would eat in a half-pound steak grown with the aid of growth promoters. A pre-pubertal girl would produce 5,000 times as much testosterone as she would eat in a half-pound steak.

"The hormone ban," said the committee, "is inappropriate on scientific grounds. The use of the licensed compounds does not adversely affect carcass quality. Indeed, meat from hormone-treated animals contains less fat, and therefore promotes improved human health."

The ban on their use has been calculated by the Meat and Livestock Commission to be costing UK beef producers £80m a year in lost production.

Clearly, Britain needs something like the American Food and Drugs Administration, which would assess the safety and ethics of such products, and whose judgments would be accepted by both producers and consumers. Emotional decisions, such as that by the NFU on BST are made in fear of consumers. And that fear is generated by widespread ignorance of the facts.

British lead refinery to close for two weeks

By Kenneth Gooding, Mining Correspondent

BRITANNIA Refined Metals, a UK subsidiary of MIM of Australia, is to shut its 170,000-tonnes-a-year primary lead refinery at Northfleet, Essex, for two weeks in the summer causing a production loss estimated at 8,000 tonnes.

Britannia said this was because of lower-than-expected ore grades at the Mount Isa mine in Australia which supplies it with lead bullion for further refining into metal of 99.99 purity.

It expected to be able to honour all contracts.

Lead prices on the London Metal Exchange rose early yesterday on the news but later trade selling and liquidation saw prices end below Friday's levels.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	−17,250	to 110,200
Copper	+6,475	to 109,700
Lead	+325	to 39,925
Nickel	−630	to 3,060
Tin being reassayed		
Zinc	−250	to 37,950
Silver (oz).	−30,000	to 10,280,000

PNG mine disrupted by renewed sabotage attacks

By Chris Sherwell in Sydney

SABOTAGE HAS again disrupted production at the huge open-pit copper and gold mine operated by Australian resources group CRA on the eastern Papua New Guinean island of Bougainville.

Explosives brought down a pylon supplying power to the mine early on Saturday morning, halting operations until Sunday afternoon. On Sunday night an attempt to fell a second pylon proved unsuccessful.

The incidents mark a recurrence of the sabotage actions which hit the mine last December. Those were attributed to a group of disaffected local landowners who are demanding some Kina 10bn (£7bn) in compensation for development of the mine since 1972.

An eight-day disruption to power supplies at that time resulted in the lost production of 13,700 tonnes of copper concentrate, containing 4,100 tonnes of copper, and 310 kg of gold. Other damage to mine property was put at K1.3m.

Yesterday Bougainville Copper, which is 56 per cent owned by CRA, estimated lost production over the weekend at 3,450 tonnes of copper concentrate and 90 kg of gold. Among the losers will be the central and local governments, which receive royalties and taxes.

Earlier this month, Mr Don Carruthers, chairman of Bougainville Copper, told the annual meeting that the company "has not suffered discouragement or a change of heart as a result of recent setbacks." The group was committed to a long-term future for its operations, he said.

He also said he would continue to press for a lifting of the moratorium of mineral exploration on Bougainville island – a sensitive issue given the antipathy of local people for mining in general and Bougainville Copper operation in particular.

The rebel landowners are said to be led by Mr Francis Ona, a former employee at the mine. His campaign appears to have won public sympathy on an island which has shown an inclination to go its own way ever since Papua New Guinea became independent in 1975.

Last month the Port Moresby Government dispatched troops to the island to suppress continuing violence and unrest. But Mr Ona's band have not been located.

WORLD COMMODITIES PRICES

LONDON MARKETS

ZINC prices continued to retreat on the LME, cash metal shedding $50.50 to close at $1,549.50 a tonne. There was no response to news from Peru that mining unions had called for a three-day strike later this month. "We are getting strike calls in Peru every month and they usually come to nothing," one trader said. The downtrend was aided by news that North American producers were cutting prices. Aluminium prices closed ahead, but off the session highs touched in the morning after news that LME warehouse stocks fell 17,250 tonnes last week – much more than expected. However, the higher levels attracted some cash metal selling. Nickel prices also rose, but some traders said the rally appeared to reflect efforts to obtain higher prices at the US Mint Tender for 1.52m lbs of electrolytic cut nickel.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.25-6.35q	+0.30
Brent Blend	$19.35-9.45z	+.425
W.T.I. (1 pm est)	$20.86-0.91z	+0.51
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$273-275	
Gas Oil	$158-160	+1
Heavy Fuel Oil	$92-94	+2
Naphtha	$177-179	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$385.0	-2.75
Silver (per troy oz)♣	581c	-5
Platinum (per troy oz)	$554.65	+3.40
Palladium (per troy oz)	$170.9	-8.25
Aluminium (free market)	$2170	+95
Copper (US Producer)	148⅝-51¾c	+⅞
Lead (US Producer)	37.5c	
Nickel (free market)	675c	+25
Tin (European free market)	$10725	-35
Tin (Kuala Lumpur market)	29.15r	+0.20
Tin (New York)	492.75c	-1.25
Zinc (US Prime Western)	90½c	
Cattle (live weight)†	118.16p	-2.60*
Sheep (dead weight)†	248.20p	+5.06*
Pigs (live weight)†	88.53p	+3.08*
London daily sugar (raw)	$294.6u	-3.4
London daily sugar (white)	$328.0u	-2.0
Tate and Lyle export price	£283.5	-3.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£133.5	
Wheat (US Dark Northern)	£126.25v	
Rubber (spot)♥	59.00p	-0.50
Rubber (May) ♥	68.25p	-0.50
Rubber (Jun) ♥	67.75p	-0.50
Rubber (KL RSS No 1 May)	302.0m	-2.5
Coconut oil (Philippines)§	$550v	+5
Palm Oil (Malaysian)§	$395x	+10
Copra (Philippines)§	$350	
Soyabeans (US)	Unq.	
Cotton "A" index	73.8c	-0.2
Woolstops (64s Super)	640p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/May. u-May/Jun. q-Jun. x-May/Sep. w-Apr/Jun. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
May	750	747	753 744
Jul	765	762	769 759
Sep	781	778	781 773
Dec	820	819	820 814
Mar	810	812	812 808
May	810	812	811 807
Jul	821	822	824 818

Turnover:4545 (10588) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 17: 993.48 (973.46):10 day average for Apr 18: 1000.16 (1007.07).

COFFEE £/tonne

	Close	Previous	High/Low
May	1140	1162	1141 1115
Jly	1083	1118	1097 1072
Sep	1054	1090	1067 1042
Nov	1041	1077	1052 1026
Jan	1038	1075	1046 1024
Mar	1035	1070	1044 1028
May	1035	1070	1044 1028

Turnover:4607 (7288) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 14: Comp. daily 118.15 (115.93); . 15 day average 115.05 (114.81).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
May	270.60	264.60	272.20 258.40
Aug	269.00	264.00	269.00 258.80
Oct	268.20	263.00	268.20 258.80
Dec	266.00	262.00	257.00
Mar	262.20	257.00	254.00
May	261.00		254.00
White	**Close**	**Previous**	**High/Low**
May	308.00	331.00	300.00
Aug	329.50	325.00	329.00 321.00
Oct	322.00	316.00	320.00 311.50
Dec	314.00	308.00	314.00
Mar	309.00	303.50	301.50

Turnover: Raw 5822 (3035) lots of 50 tonnes. White 630 (1353).
Paris- White (FFr per tonne): May 2065, Aug 2000, Oct 1960, Dec 1920, Mar 1910, May 1900.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
2050	138	144	12	78
2150	68	95	42	124
2250	27	59	99	167
Copper (Grade A)	**Calls**		**Puts**	
2900	265	209	6	95
3100	107	113	46	194
3300	25	54	163	331

TEA

There were 20,840 packages on offer at this weeks auction, including 4,800 offshore, reports the Tea Brokers' Association. There was good general demand with brighter liquoring and good medium east African teas selling well at firm to dearer rates. Some plain mediums proved irregular and easier. Central Africans came to a strong market at improved levels. Ceylon teas attracted strong competition at dearer rates following quality. Offshore teas sold readily with prices fully maintained. Quotations: quality 189p nominal (-), medium 103p (103p) low medium 85p (83p).

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 23,725 tonne
Cash	2160-70	2145-55	2173/2170	2170-3		
3 months	2125-30	2095-100	2140/2120	2130-5	2135-40	30,680 lots
Copper, Grade A (£ per tonne)						Ring turnover 32,500 tonne
Cash	1855-60	1882-7	1885/1880	1880-3		
3 months	1777-8	1794-5	1805/1775	1794-5	1777-8	71,804 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	576-9	582-4		576-8		
30 June	587-90	594-6		587-9		354 lots
Lead (£ per tonne)						Ring turnover 8,625 tonne
Cash	362-4	370-1	369.5	369-9.5		
3 months	362-3	367.5-8	370/362	372-4	362-3	9,681 lots
Nickel ($ per tonne)						Ring turnover 1,500 tonne
Cash	15100-200	14800-50	15200/15100	15050-150		
3 months	14925-50	14625-50	15000/14800	14950-75	14800-50	7,228 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 7,075 tonne
Cash	1555-60	1615-25	1615/1560	1600-5		
3 months	1555-60	1595-600	1615/1540	1595-7	1540-5	8,692 lots
Zinc ($ per tonne)						Ring turnover 15,275 tonne
Cash	1549-50	1595-605	1590/1587	1587-90		
3 months	1500-10	1545-50	1570/1480	1545-6	1485-90	12,649 lots

POTATOES £/tonne

	Close	Previous	High/Low
May	150.0	153.5	156.0 149.0
Nov	82.0	81.5	
Feb	104.0	103.0	
Apr	136.5	136.0	138.0 136.0

Turnover 312 (269) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	165.00	165.00	165.00
Jun	155.20	154.00	155.20 154.00
Aug	151.00	151.00	151.00
Oct	150.50	151.00	150.50

Turnover 320 (131)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1644	1655	1660 1640
May	1635	1655	1660 1635
Jul	1385	1401	1401 1385
Oct	1480	1500	1500 1480
Jan	1535	1549	1536
Apr	1575	1588	1576
BFI	1627	1626	

Turnover 228 (543)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	120.70	121.15	120.80 120.30
Jun	121.50	122.05	121.50 121.30
Sep	105.00	104.90	105.00
Nov	107.40	107.25	107.40 107.25
May	116.50	113.90	116.50 116.40
Barley	**Close**	**Previous**	**High/Low**
May	108.40	109.75	109.50 108.00
Sep	102.20	102.10	102.20
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Turnover: Wheat 153 (212), Barley 87 (81). Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	384¼-385¼	224¼-224¾
Opening	385½-386	225½-226
Morning fix	385.15	225.496
Afternoon fix	385.15	225.300
Day's high	385½-388	
Day's low	384¼-384¾	

Coins	$ price	£ equivalent
Mapleleaf	396-401	230-233
Britannia	396-401	230-233
US Eagle	396-401	230-233
Angel	396-401	230-233
Krugerrand	385-388	224½-226½
New Sov.	90½-91½	52¾-53½
Old Sov.	90½-91½	52¾-53½
Noble Plat	557.75-567.10	326.35-331.85

Silver fix	p/fine oz	US cts equiv
Spot	339.65	579.80
3 months	350.40	594.00
6 months	361.50	609.15
12 months	384.45	642.40

CRUDE OIL $/barrel

	Close	Previous	High/Low
Jun	18.58	18.24	18.67 18.54
Jul	17.75	17.45	17.83 17.70
Aug	17.30		17.30 17.25
Sep	16.89		16.90 16.89
IPE Index	18.38	18.53	

Turnover: 6969 (6355)

GAS OIL $/tonne

	Close	Previous	High/Low
May	152.75	152.00	154.75 152.75
Jun	148.75	147.50	150.25 148.75
Jul	147.75	148.00	148.75 147.75
[illegible]	[illegible]	[illegible]	[illegible]

Turnover 3920 (4656) lots of 100 tonnes

US MARKETS

IN THE METALS, the gold and silver markets featured very dull trading ahead of Tuesday's CPI numbers, reports Drexel Burnham Lambert. Copper prices were lower on mostly fund selling. Palladium futures fell down the limit as some questions arose as to whether or not its use in fusion work is needed. Platinum also fell sharply on some carryover selling from the palladium along with sell stops adding weakness. The favourable weather over the weekend helped rally all of the grains The soy complex was also supported by the big difference in the Cruzado/Dollar rate causing harvest delays in Brazil. Profit taking late in the day weakened the wheat after making early gains. In the softs, sugar futures closed up 30, basis May, after a very choppy session. Volume for the day was over 35,000 as trade buying was seen throughout the session. Cocoa gained 21 with continued switch activity seen. Trade and speculative buying pushed coffee higher. The weekend meetings were said to have broken off. Short covering was seen in all livestock markets as prices posted modest gains.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	386.2	386.0	386.0	386.0
May	387.3	387.0	0	0
Jun	390.1	389.8	390.2	388.9
Aug	395.0	394.7	396.0	393.9
Oct	400.5	400.2	400.4	399.5
Dec	406.0	405.7	405.7	404.7
Feb	411.5	411.2	411.0	411.0
Apr	417.1	416.8	0	0
Jun	422.8	422.5	422.5	422.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	548.2	568.2	556.0	544.0
Jul	550.7	569.2	562.5	544.5
Oct	549.7	568.2	561.5	546.0
Jan	551.2	569.2	554.0	548.0
Apr	553.2	571.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	581.1	580.6	0	0
May	583.0	582.5	584.0	580.0
Jun	588.4	587.9	588.5	587.5
Jul	593.9	593.4	594.5	591.0
Sep	604.7	604.2	606.0	602.0
Dec	620.4	619.9	621.5	616.0
Jan	625.6	625.1	0	0
Mar	636.0	635.5	636.5	635.5
May	646.5	646.0	0	0
Jul	657.2	656.7	658.0	657.5

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 14	Apr 13	mnth ago	yr ago
[illegible]	[illegible]	[illegible]	[illegible]

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	[illegible]	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	143.95	146.60	144.75	144.00
May	141.85	144.55	144.40	141.50
Jun	137.85	140.60	0	0
Jul	133.85	136.70	136.75	133.50
Sep	127.15	129.70	129.50	127.20
Dec	121.00	122.70	123.00	121.20

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	21.03	20.69	21.04	20.66
Jun	20.14	19.86	20.15	19.88
Aug	18.79	18.65	18.80	18.55
Oct	18.10	17.98	18.10	17.89
Dec	17.63	17.56	17.65	17.50
Jan	17.48	17.39	17.48	17.35
Feb	17.35	17.27	17.35	17.22

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5320	5291	5325	5280
Jun	5155	5106	5160	5075
Jul	5055	4995	5055	4975
Aug	5056	5010	5055	4985
Oct	5160	5115	5160	5100
Nov	5220	5170	5220	5155
Dec	5260	5225	5260	5225

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1323	1302	1328	1303
Jul	1255	1230	1257	1240
Sep	1254	1229	1255	1240
Dec	1267	1238	1268	1252
Mar	1268	1250	1269	1265
May	1273	1250	1274	1266
Jul	1255	1230	1257	1240
Sep	1268	1258	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	136.85	136.98	139.00	132.85
Jul	134.75	132.76	134.75	130.00
Sep	130.00	128.00	130.00	125.25
Dec	126.01	124.00	126.10	121.50
Mar	121.75	121.96	122.50	120.00
May	121.50	122.06	0	0
Jul	120.25	122.38	0	0
Sep	119.50	119.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.25	11.95	12.39	11.68
Jul	12.19	11.86	12.20	11.58
Oct	12.09	11.81	12.11	11.67
Jan	11.70	11.42	0	0
Mar	11.66	11.51	11.70	11.36
May	11.60	11.47	11.60	11.36
Jul	11.58	11.45	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	64.70	64.49	64.95	64.20
Jul	65.56	65.38	65.56	65.26
Oct	64.60	64.67	64.80	64.15
Dec	63.74	63.98	64.00	63.46
Mar	64.25	64.56	64.40	64.02
May	64.70	65.16	64.70	64.25

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	174.65	172.05	176.00	171.05
Jul	176.80	174.35	178.00	173.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	747/2	733/0	754/0	735/0
Jul	757/4	743/6	764/4	746/0
Aug	757/0	743/2	764/4	746/0
Sep	747/4	732/0	751/0	738/0
Nov	742/4	730/2	747/0	733/4
Jan	750/6	738/6	755/0	743/0
Mar	758/0	746/0	762/0	754/0
May	764/0	752/0	769/0	760/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.92	22.47	22.99	22.55
Jul	23.52	23.09	23.60	23.18
Aug	23.79	23.39	23.90	23.50
Sep	24.02	23.65	24.15	23.76
Oct	24.25	23.82	24.30	24.00
Dec	24.60	24.26	24.70	24.42
Jan	24.80	24.46	24.90	24.74
Mar	25.20	24.95	25.20	25.10

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	230.2	228.9	234.0	228.2
Jul	229.3	225.8	233.0	227.2
Aug	227.1	223.9	231.5	226.0
Sep	225.2	222.0	229.5	224.5
Oct	222.5	220.0	226.0	222.0
Dec	221.7	219.0	225.0	220.5
Jan	222.0	218.5	223.5	222.0
Mar	221.5	218.2	221.0	222.0
May	221.7	219.5	221.5	222.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	276/6	270/6	280/6	271/4
Jul	279/4	273/0	283/0	273/2
Sep	272/2	266/4	276/4	267/2
Dec	272/2	266/2	276/0	267/0
Mar	278/2	272/4	281/4	273/0
May	279/2	273/6	283/0	276/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	410/2	412/6	419/4	410/0
Jul	400/4	399/0	406/0	399/4
Sep	408/4	406/4	412/0	407/0
Dec	420/6	418/2	425/0	419/0
Mar	426/0	423/4	429/4	424/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	76.92	76.30	77.05	76.40
Jun	71.32	71.10	71.60	71.20
Aug	67.85	67.55	68.05	67.65
Sep	68.30	68.30	0	0
Oct	69.27	68.97	69.45	68.92
Dec	70.50	70.22	70.65	70.10
Feb	71.00	70.80	71.25	70.80

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	40.72	40.75	40.85	40.40
Jun	46.62	46.22	46.70	46.00
Jul	47.00	46.82	47.07	46.50
Aug	46.00	45.70	46.05	45.27
Oct	42.40	42.07	42.50	41.80
Dec	44.30	43.85	44.40	43.77
Feb	45.25	44.70	45.35	44.75

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

Sluggish trading session for equities

THE LATEST batch of statistics on the UK economy found little response yesterday from a London stock market sounding less convinced about Friday's data on domestic inflation, as well as on the political agreement on the US Budget. UK equities opened firmly on the back of Wall Street's huge gain ahead of the weekend, but lost impetus as buyers stayed away.

There was a neutral reaction to the news of unchanged retail sales in March and increased wage costs in the three months to February. The final picture was somewhat ragged.

Account Dealing Dates			
First Dealings:	Apr 3	Apr 17	May 8
Option Declarations:	Apr 13	May 4	May 18
Last Dealings:	Apr 14	May 5	May 19
Account Day:	Apr 24	May 15	May 30

New time dealings may take place from 9.00 am two business days earlier.

The US Budget accord was described as "a sham and a masquerade" and "a fantasy" at the morning meetings of two leading UK firms. Nor were UK investors inclined to follow through on Friday's bullish response to the domestic Retail Price Index.

The initial rise of nearly nine points in the FT-SE Index was unconvincing, especially as it took in ex-dividend quotations for a dozen of the market's top 100 shares. The index drifted down to show a net fall of 2.2 before steadying.

At its final reading of 2054.7, the FT-SE Index was 1.1 points up on the day. With the market's largest bid situation stocks more subdued, turnover was unimpressive. Seaq volume at 468.1m shares fell sharply from the 648.1m recorded on Friday when the market moved confidently into the new three week trading account, buoyed by favourable news on domestic inflation.

The latest round of economic data, including yesterday's contribution, appears to confirm that the UK economy will be slowing down over the next three months, and that there seems no need, on purely domestic considerations, for base rates to rise any further, according to Mr Peter Warburton of Fleming Securities.

The market's best feature was the oils sector where both BP and Shell responded vigorously to last week's profits upgrading by UBS Phillips & Drew, the Swiss-owned securities house. Sector analysts were unimpressed by a preference for BP by Smith New Court, the London securities house.

On the bid front which sprang to life last week, Beecham traded more quietly as the market held to the view that the shares are soundly priced unless a new bidder takes a hand in the proposed Beecham-SmithKline Beckman merger game. "By agreeing to the SmithKline plan, Beecham has put itself up for sale," commented one market specialist.

Consolidated Goldfields gave ground as investors waited for the next move in the Minorco bid, but turnover was very small. "Positions were taken in Gold Fields stock a week ago," commented Mr Jack Jones of Phillips & Drew. "Until we get a decisive move, the share price will just drift".

Opening shot on Gateway

The news that Warburg Securities was attempting to put together a 195p-a-share break-up bid for Gateway on behalf of institutional shareholders may have ended weeks of intense speculation, but it left the market none the wiser as to the fate of the supermarket group. The Gateway share price reflected the uncertainty, closing just 3 better at 184p on turnover of 13m shares.

One foods trader, who described the Warburgs announcement as "particularly ambiguous," said the feeling in the market was that the 195p "offer" was either an attempt to flush out another possible predator or a "signal" to reveal what sort of price the consortium might have to pay for Gateway in the event of a full bid. Several dealers echoed Gateway's description of 195p as a "derisory" offer, and most suggested that the final offer could reach as much as 210p or 215p cash.

"From a marketmaking point of view, you just cannot afford to be short of the stock because at some stage Gateway will be taken out," remarked one experienced trader.

Analysts agreed that the saga was far from over. "It is difficult to see how Gateway's existing business could service the debt if it is taken out at 195p entirely in cash," said Mr Bill Myers, analyst at Henderson Crosthwaite. Another, Mr Paul Smiddy at Kleinwort Benson, felt that breaking up Gateway would be fraught with problems for any eventual bidder. "Selling off the assets will prove a prolonged and difficult process and you would be left with a vehicle subject to a lot of inherent financial and commercial risk."

Insurer downgraded

Shares in Royal Insurance, one of the UK's biggest composite insurance groups, fell sharply late in the session after BZW, the securities house, turned extremely bearish on the stock. At the close they were down 18 at 405p on turnover of 2.4m.

Mr David Hudson, composite insurance sector analyst at BZW, told clients to sell the shares, citing continuing deterioration of the company's North American activities and its UK estate agency business. After a lunch with the insurance company Mr Hudson is now expecting Royal to come up with first quarter pre-tax profits of less than £50m compared with figure of £85m for the same period last year and his original expectation of some £80m.

Royal's US and Canadian operations are now expected to come out much worse than previously expected and the estate agencies are looking to post losses of perhaps £8m in the first quarter. County NatWest WoodMac, the securities house, recently reduced its profits forecast for Royals, citing a "gloomy" trading outlook for estate agents. A previous pre-tax forecast of £315m for Royal was cut back to £295m by the County insurance team. In its Account Focus on Insurances, County says of Royal: "The historic yield relative is high at present and only four FT-SE stock have higher yields. But uncertainties over the US commercial lines cycle mean the stock is currently only for the patient."

Good deal for ADT

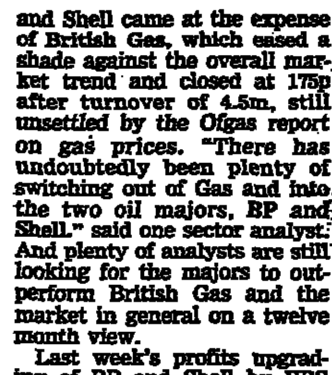
ADT quickly added 7 on news that Laidlaw Transport of Canada had raised its stake in from 8 per cent to 22 per cent in an agreed move. Trade was brisk with marketmakers reporting US buying and UK selling. The price settled back to 186p, a rise of 6¼ and Seaq clocked up 100m turnover, 94m of which was accounted for by the stake change.

Analysts and marketmakers agreed that the deal was good for ADT. One dealer said that it gave the company a blue chip edge. "In the short to medium term it puts a floor under the share price," said Mr Robert Morton of BZW. The deal eliminates virtually all of ADT's debt, and the interest payment thus saved prompted Mr Morton to raise his profits forecast for the current year from £248m to £280m and for 1990 from £285m to £333m. ADT reports in dollars.

Some new stock was issued, but both Mr Morton and Mr Paul Burke at Kleinwort Benson Securities dismissed any diluting effect. "It is earnings neutral," said Mr Burke.

French private group Motivaction raided the market for more shares of Addison Consultancy yesterday but was thought unlikely to have increased its holding by the amount desired. Market stories abounded of Motivaction looking to increase its stake from the present 18 per cent to 25 per cent, or even 29.9 per cent, after declaring last week that its stated position of "no present intention of making an offer for Addison" might be reconsidered.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

Several large deals went through the system before the price moved above the price being bid for stock of 45p, but overall volume of 2.6m shares indicated that less than 4.5 per cent of the equity had changed hands during the session. MAI, the UK financial services and advertising group, is also courting Addison. Talks are still in progress, and MAI is believed to have raised its holding recently to over 15 per cent. Addison shares closed up 2 at 49p.

The 'front-line' oil stocks attracted further heavy action as crude oil prices staged another strong advance. April Brent crude jumped 55 cents to $19.30 a barrel on the back of a story that demand for OPEC oil will rise above 19m barrels a day by next month. And there was talk in the commodity markets of possible increases in OPEC quotas.

The latest strong gains in BP and Shell came at the expense of British Gas, which eased a shade against the overall market trend and closed at 175p after turnover of 4.5m, still unsettled by the Ofgas report on gas prices. "There has undoubtedly been plenty of switching out of Gas and into the two oil majors, BP and Shell," said one sector analyst. And plenty of analysts are still looking for the majors to outperform British Gas and the market in general on a twelve month view.

Last week's profits upgrading of BP and Shell by UBS Phillips and Drew and the positive stance on the majors taken recently by many securities firms, including Smith New Court, Kitcat & Aitken, Citicorp and Shearson Lehman, continued to trigger big buying of the two majors. BP moved up 3½ to 278p on turnover of 8.1m with the new shares, now quoted fully-paid, the same amount higher at 277p but on much smaller turnover of 1.2m. Shell turnover expanded sharply to 7.5m and the shares advanced 7½ to 394p.

Burmah, in ex-dividend form, extended last Friday's advance, closing a further 14 ahead at 554p xd with the market taking the view that the sale of Kelt Energy's lubricants business emphasised the quality and value — some 18½ times earnings — of Burmah's Castrol business.

The pharmaceuticals sector was driven by weekend press reports. More speculation that ICI may bid for all or part of Beecham left the former's shares 5 off at 1158p. Beecham registered volume of 1.3m shares but closed unchanged at 618p. Of other pharmaceutical stocks in the spotlight generated by the Beecham-SmithKline Beckman merger plan, Smith and Nephew benefited most. The price rose 1¾ to a post-crash high of 147p, as 2m shares changed hands - the sector's highest turnover.

Wellcome lost 7 at 481p on revived discussion of the shortcomings of Aids drug Retrovir. Analysts say that the negative sentiment is coming from the US where smaller drug companies especially are having problems finding volunteers to test new potential remedies. Aids sufferers prefer to use Retrovir.

There were no big movements in the big-four banks but the financial sector included a feature in Anglo Leasing, the Sir James Goldsmith/Jacob Rothschild acquisition vehicle, which put on 18 to 428p.

Jewellery group Ratners pleased the market with a 63 per cent jump in annual profits to £86m. However, the good news was already in the price and the shares added just a penny at 214p. Following the figures Hoare Govett increased its profits estimate for the coming year by £7.5m to £105m, but warned of a downturn in UK jewellery sales, while the more bullish County NatWest WoodMac (Ratners' broker) is predicting £117m.

Another set of figures to cheer up the stores sector came from Lloyds Chemists, which saw its interim profits more than double to £4.4m. Secondliner Pittard Garnar continued to benefit from hopes that either Foods group Hillsdown or fellow leather manufacturer Strong & Fisher will bid. Pittard, also buoyed by a strong "buy" recommendation from BZW, climbed 5 to 284p and Strong & Fisher 6 to 243p.

The GEC/Siemens/Plessey saga was the focus of attention in the electronics sector. Plessey shares dropped sharply, closing 10 down at 257p albeit in relatively thin turnover of 1.5m, after weekend Press suggestions that the GEC/Siemens partnership might not renew their bid for Plessey, even given the green light by Lord Young, Secretary of State for Industry. "That could well be the case, or the duo may well renew their bid at the lowest possible level — the 245p a share they paid for their near-15 per cent stake in January — as a prelude to perhaps a 260p a share final offer," commented one dealer. GEC eased 2 to 233p on 2.4m.

Cadbury Schweppes moved ahead smartly to 345p, a gain of 6 on the day, following an article in US financial weekly Barrons which suggested that 15.7 per cent stakeholder General Cinema might be prepared to add to its holding in preparation for a full-bid and break up of Cadbury.

Last week's "buy" recommendation from Warburg Securities continued to benefit Ranks Hovis McDougall; the shares ended 4 better at 387p. AB Foods climbed 4 to 335p as hopes rose that a bid would be launched for Gateway, the supermarket group in which AB Foods has a 15 per cent interest. Otherwise retailers were mostly unaffected by the Gateway developments, although there was good trade in Asda, little changed at 151½p on turnover of 7.4m shares.

Eagle Trust improved 1¼ to 19¼p after revealing talks which might lead to an offer for the company.

Leisures Investment fell 5 after a weekend press report revealing an inquiry into some of its activites. The company published a statement saying that it had already known about Gaming Board inquiries, but the price recovered only to 97p, a net decline of 3.

Mecca rose on a trade press story that US casino operator Bally was preparing to bid for the company. According to the report, Mr Nat Solomon has been hired as head of European operations for Bally. Mr Solomon once ran Pleasurama, taken over last year by Mecca in a bitterly fought battle, The Mecca price touched 173p before settling back to 172p, a rise of 6 on the day. Mr Bruce Jones, analyst at Kitcat and Aitken, downplayed the possibility of a bid. He said that Mr Solomon did not appear to want to return to executive duties and pointed out that the highly geared Bally is capitalised at around $650m, smaller than Mecca.

Hammerson "A" fell 6 to 777p ahead of today's final results; most brokers expect pre-tax earnings to be in the region of £74m.

The steam went out of Lonrho as time ran out for the Bond Corporation auction of its 20.4 per cent shareholding in the diversified UK trading conglomerate. This closed at 5 pm yesterday and a bid, at the minimum tender price of 385p per share, is extremely unlikely for the near-98m shares on offer.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 29

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (143). BRITISH FUNDS (2) LOANS (2) AMERICANS (3) CANADIANS (1) BANKS (6) Allied Irish, B'caire Cie, Bank Ireland, Comerzbk., TSB Channel Islands, BREWERS (4) Burtonwood Brewery, Highland Dist., Macallan-Glenlivet, Macdonald Martin "A", BUILDINGS (6) CHEMICALS (2) NTM, Schering, STORES (3) Standards, Summer Int'l., ELECTRICALS (7) ENGINEERING (8) FOODS (6) INDUSTRIALS (38) ADT, Alfa-Laval AB "B", Assoc. Brit. Ports, Barton Grp., Bridgend Grp., Chem-ian Ph., Charter Cons., Crean (J.), Doctus, Eagle Trust, Epicure, Harlows, Hawtal Whiting, Huntleigh Tech., ISA Int'l., Jardine Hlg., Johnson Cleaners, Johnson Matthey, Keep Trust, London Finance & Invs., Marling Inds., Ramco Oil, Rank Org., Rural Planning, St. Gobain, Sarco Grp., Security Archives, Silentnight, Silverthines, Smith & Nephew, Sonic, Sothebys Hlds. Inc Class "A", Oy Wartsila, Wassall, Young (H.), INSURANCE (3) Dom. & Gen. Grp., Lloyd Thompson, Utd. Friendly "B", LEISURE (2) MOTORS (1) NEWSPAPERS (1) PAPERS (2) PROPERTY (6) SHOES (1) TEXTILES (1) TRUSTS (22) OILS (5) OVERSEAS TRADERS (1) Boustead, MINES (14) THIRD MARKET (1).

NEW LOWS (28). BRITISH FUNDS (1) AMERICANS (2) CANADIANS (1) BANKS (1) Gerrard & Nat., BREWERS (1) Wolv. & Dudley, BUILDINGS (5) Garrort Pheonix, Pheonix Timber, Sharpe & Fisher, CHEMICALS (1) Wardle Storey, STORES (3) ELECTRICALS (2) Chloride, Leo Refrigeration, ENGINEERING (1) Bailey (C.H.), INDUSTRIALS (6) Hestair, Mayne Nickless, Pacific Dunlop, Westmex, Willis Grp., INSURANCE (3) LEISURE (1) NEWSPAPERS (1) PAPERS (1) PROPERTY (2) SOUTH AFRICANS (1) TEXTILES (1) TRUSTS (1) MINES (5).

FINANCIAL TIMES STOCK INDICES

	Apr 17	Apr 14	Apr 13	Apr 12	Apr 11	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.58	86.20	85.84	85.92	86.06	91.43	89.29 (8/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.79	97.05	97.15	96.77	96.77	97.75	99.58 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1686.1	1691.0	1669.9	1674.0	1672.8	1419.6	1781.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	189.4	192.5	189.2	187.1	185.6	221.4	198.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

	Apr 17	Apr 14	Apr 13	Apr 12	Apr 11	Year Ago
Ord. Dl. Yield	4.61	4.59	4.64	4.59	4.60	4.57
Earning Yld %(full)	11.15	11.13	11.28	11.15	11.18	11.89
P/E Ratio(Net)(☆)	10.83	10.85	10.73	10.83	10.79	10.33
SEAQ Bargains(5pm)	25,629	31,527	23,917	24,053	24,473	26,075
Equity Turnover(£m)†	-	1615.51	1161.81	1333.99	1142.37	972.90
Equity Bargains†	-	33,046	26,005	28,609	26,809	26,257
Shares Traded (ml)†	-	627.5	427.8	448.2	445.1	389.4

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1694.6	1692.9	1691.3	1688.7	1688.8	1688.5	1686.1	1687.0

DAY'S HIGH 1698.5 DAY'S LOW 1683.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 10.74 †Excluding intra-market business. * Corrected figure.

● S.E. ACTIVITY

Indices	Apr 14	Apr 13
Gilt Edged Bargains	104.4	93.7
Equity Bargains	214.1	188.5
Equity Value	3265.4	2348.3
5-Day average		
Gilt Edged Bargains	94.8	94.5
Equity Bargains	184.1	180.3
Equity Value	2524.4	2475.4

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	7,400	151½	-½	Cookson	254	257	+2½	Laporte	53	434	+½	Royal Bk of Scotland	82	385	-2
Allied-Lyons	1,100	437	-2	Courtaulds	232	397	+2	Legal & General	685	328		Royal Insurance	2,400	405	-13
Amstrad	1,500	145	-7	Dalgety	215	350	+1	Lloyds Bank	598	354		STC	781	325	-1
Argyll Group	2,000	185	+3	Dixons	2,900	154½	+1	LASMO	31	436	+2	Saatchi & Saatchi	205	296	-1
Ass. Brit. Foods	1,175	335	+4	Eng. China Clays	279	526	-4	Lonrho	1,300	325	-4	Sainsbury	1,200	237	-1
BAA	1,000	351	+1	Enterprise Oil	115	539	+1	Lucas	251	630		Scott & Newcastle	730	294	-2
BAT Inds	1,100	541	+1	FKI Babcock	1,000	171	-3	MB Group	349	269		Sears	2,200	127	+1½
BET	227	260	+1	Fisons	442	290	-2½	MEPC	393	552	-1	Shell Transport	6,650	394	+7½
BICC	883	478	-1	Gateway Corp.	13,000	184	+3	Marks & Spencer	2,600	161	+2	Siebe	76	464	
BOC	1,500	485	+2½	General Accident	419	953	-6½	Maxwell Comm	162	198	-1	Slough Ests	379	316	+2
BPB Inds.	762	244	+1	General Elect.	2,400	233	-2	Midland Bank	292	444		Smith & Nephew	2,000	147	+2
BTR	2,500	360	+1	Glaxo	765	1376	-7	Nat. West. Bank	373	576		Smiths Industries	47	306	+½
Barclays	2,000	431½	-2½	Globe Inv	162	166	+1	Next	1,100	154	+2	Standard Chartered	103	522	-1
Bass	595	896	+11	Glynwed Int.	494	304	-2	Northern Foods	412	294	+1	Storehouse	710	162	
Beecham	1,300	618	+½	Granada	279	371	-3	Pearl	81	593	-6	Sun Alliance	33	1034	-9
Blue Circle	2,000	521	-1	Grand Met.	2,900	536	+4	Pearson	57	708	+2½	T&N	728	226	+½
Boots	1,000	265	+3	GUS A	156	1013	+4	P & O	187	655	+3	TSB	1,500	188½	-1
Brit. & Comm.	375	285		GRE	355	197	-1	Pilkington	787	242	+2½	Tarmac	2,100	302	+3
Brit Aerospace	258	565	-4	GKN	99	357		Plessey	1,500	257	-10	Tate & Lyle	106	235	+1
British Airways	796	196	-1	Guinness	1,100	442	+1	Polly Peck Intl.	187	314	-4	Taylor Woodrow	798	596	+5
British Gas	4,500	175	-½	Hammerson "A"	153	777	-6	Prudential	1,900	175	+2½	Tesco	2,115	165	+3½
British Land	1,100	370	+6	Hanson	850	183		RHM	174	387	+4	THORN EMI	76	666	-1
BP	8,100	278	+3½	Harrisons & Cros.	383	196		RMC	167	645	+7	Trafalgar House	437	372	-1
British Steel	2,800	82	-½	Hawker Siddeley	512	645	+7	RTZ	907	526	+2	Trusthouse Forte	551	234	-1
British Telecom	2,200	273	-2	Hillsdown Hldgs.	1,100	264		Racal	4,600	388	+9	Ultramar	1,790	301	+5
Burmah Oil	1,200	564	+14	IMI	315	219	-5	Rank Org.	208	942	+2	Unilever	763	530	+2
Burton	314	205	+1	Imp Chem.	521	1156	-5	Reckitt & Colman	174	1107	+6	United Biscuits	629	314	+2
Cable & Wireless	5,400	489	-1	Inchcape	823	269		Redland	434	533	+5	Utd Newspapers	115	429	-3
Cadbury Schweppes	891	345	+6	Jaguar	131	299	-1	Reed International	658	391	+1	Wellcome	1,000	481	-7
Carlton Comms.	895	855	+14	Kingfisher	697	280	+3	Reuters "B"	736	706	-7	Whitbread "A"	588	342	+2
Commercial Union	1,400	369	+1	Ladbroke	463	533		Rolls Royce	2,100	185½	+1	Williams Hldgs.	364	261	-1½
Cons. Gold Fields	168	1348	-12	Land Securities	156	562	+1	Rothmans	219	495	+1	Wimpey	254	272	-2

APPOINTMENTS

■ Mr Roger Kingsley has been appointed chairman and Professor John Garside deputy chairman of UMIST VENTURES which carries out technology transfer from Manchester University to industry.

■ TESCO has appointed Mr Michael Wemms to the board as personnel director.

■ Mr Patrick J. Scannell has been appointed group financial controller of THE RUGBY GROUP from July 1. He was business director of Rugby Cement, and will retain his seat on that board.

■ Mr Ron Neil, director of *news and current affairs* at the BBC, has been appointed managing director, regional broadcasting (radio and television) from June 1. He succeeds Mr Geraint Stanley Jones who has been appointed chief executive of the Welsh fourth channel.

■ Mr Patrick Barron has been elected chairman of MID WYND INTERNATIONAL INVESTMENT TRUST in succession to Mr George Scott who died recently. Mr Barron became a director in 1979. Mr Bruce Johnston has been appointed a director.

■ Mr Mike Ransome, formerly Nixdorf's UK divisional manager, customer technical services, has been appointed service director of ACTION COMPUTER SUPPLIES.

Marley main board posts

MARLEY has appointed Mr Mike Moxon, *(left)* a main board director, as managing director (Europe). Joining the main board are Mr John Castle, group research and development; Mr Keith Howell, *(right)* finance; and Mr David Trapnell, roof tile and transport. The changes are from June 1.

■ Professor Rodney Cotterill, who holds the chair of materials science at the Technical University of Denmark, has been appointed an associate director of PROTEUS BIOTECHNOLOGY, Marple, Cheshire.

■ Mr Gordon Urquhart has been appointed construction director for PERSIMMON HOMES (SCOTLAND). He was construction manager.

■ ELGA GROUP, High Wycombe, has appointed Mr Alasdair D. Culshaw as group finance director and company secretary. He joins from Polymark International where he was group financial accountant.

■ Sir Alex Alexander, deputy chairman of Allied Lyons, is to become a non-executive director of OLYMPIA & YORK CANARY WHARF. Sir Alex is shortly to retire from Allied Lyons and become managing director of Shearson Lehman. At Olympia & York he will assist with the marketing of Canary Wharf.

■ Mr David Kerr, buying director of Texas Homecare, has been appointed a director of HAMPDEN HOMECARE.

■ Mr David Dodgeon, formerly financial director of Saatchi & Saatchi subsidiary Granard Rowland, has joined the RHINO COMMUNICATIONS GROUP as group commercial director.

■ Mr Frank Dee has been appointed managing director of ANDREW MARR INTERNATIONAL, Hull. Mr Roger Johnson, managing director of J. Marr (Seafoods), has also been appointed to the group main board.

Mr James Ferguson *(above)* is to become chairman of STEWART IVORY & CO, Edinburgh, on June 30. He will succeed Mr Jack Shaw Stewart who is retiring. Mr Ferguson has been a director of Stewart Ivory since 1975. The company was formed in 1970 to manage Saints (The Scottish American Investment Co).

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AUTHORISED UNIT TRUSTS

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	47 76	48 20	51.27	-0.29	5 34
Gilts & Fixed Int	6	111 3	111.3xd	118 2	+0 8	8 46
High Inc Equity	6	127 4	130 4xd	138.7	+1.2	4.58
Worldwide Bond	6	187.5	187.5xd	198 7	-0.3	4.88
Capital Growth						
American Growth	6	163 0	164 9	175 4	+1 4	1 65
Asian Pacific	6	91.39	93 28	99 23	-0.69	0 87
Assets & Earnings	6	154.2	154 2	165 0	-1 0	2.26
Capital Reserve Acc	0	84 04	84 04xd	84 09	+0 01	4 76
Comdty & Energy	6	95.96	95.96xd	102 7	+0 6	0 00
1992 Enterprise	6	54 42	55 44	58 97	+0 5	3 05
European Capital	6	81.48	82.10	87 34	-0.57	0 86
General	6	167 6	167 6xd	179 3	+0 3	2.51
Japan	6	106.3	108 2	115 0	+0 3	0 00
Mastertrust	6	80 87	80 87	86.50	-0 35	1 86
UK Growth Acc	6	193 6	193 6	207 1	-1 0	1 36
UK Growth Dist	6	129 1	129 1xd	138 1	-0 7	2 03
US Emerging Cos	6	47 90	49 54	52 70	+0 6	0 00
Income & Growth	6	284 0	284 0	303 8	+3 7	3 37
Ethical	6	47 60	48 71	51 81	+0.28	2.41

Abtrust Management Ltd (1000)H
10 Queens Terrace Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5	27 07	27 07xd	28 90	-0 11	4 28
European	5¼	57 94	57.94	61 86	+0 06	0 00
European Income	5¼	56.89	56 89xd	60 73	+0 58	1 33
Exempt	1	775 2	775 2xd	809 1	+9 00	3 46
Extra Income	5	41 93	41 93xd	44.76	-0 36	4 41
F East Emerg Econs	5¼	38.56	38 56	41 29	-0.30	0 00
Fixed Int Tst	5	115.5	115.5xd	123 3	-0 90	1 94
Do Accum	5	176 0	176 0xd	187 9	-1.30	1 94
Gilt & Fixed Int	5¼	21 66	21 66xd	23 13	-0 11	10 17
Income & Growth	5¼	69 92	69 92xd	74 64	-0 53	3 75
Intl Income	5¼	59 37	59.37	63 38	-0 45	5 06
Japan	5¼	180 4	180 4	192 6	+0.30	0 00
Pacific	5¼	315 6	315 6xd	338 1	-2 60	1.13
Secure Income	5	194 7	194 7	207.8	-0 90	5.32
Sentinel Spec Sits	5	264 2	264 2	282 0	-2 90	2 92
Smaller Companies	5¼	59 34	59 34xd	63 34	-0 08	3.23
Special Situations	5¼	68 99	68 99xd	73 65	-0 77	0 84
UK Growth	5	35 60	35 60xd	38 00	-0 42	2.52
UK Top 100	5¼	24.95	24 95	26.63	+0.38	4 09
World Growth	5	47.46	47 46	50 66	-0 58	0 40

Merlin Fund Mngmt Ltd (0905)F
30 St James St, London SW1A 1HB 01-925 1277

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Merlin Intl	5	54.73	56.04	58.98	+0.33	2.41
Ecology	5	56.63	57.11xd	60.11	+0 05	1.88

Metropolitan Unit Trust Mngrs Ltd (1000)F
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Eurogrowth Plus	6	54.58	55.07	58.58	+0.24	0.81
Global Growth	5¼	41.14	41.14xd	43.77	-0.04	5.70
Global Income Acc	5¼	52.81	53.25	56 65	-0.02	3.53
Do Income	5¼	49.92	50.34	53.55	-0.02	3.73
Sunrise Accum	6	55.04	56.38	59.98	+0 41	0.00
UK Growth Acc	5¼	55.59	55.59	59.14	+0.38	1.69
UK Income Acc	5¼	67.33	69.46xd	73.89	+0.18	4.06
Do Income	5¼	63.70	65.72xd	69.91	+0.18	4.30

Midland Unit Trusts Ltd (1200)F
192 Eyre Street, Sheffield, S1 3RD 0742 529888

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
British Tst	6	54.09	54.40	58.18	+0.71	2.38
(Accum Units)	6	54 97	55.29	59 13	+0 73	2.38
Capital	6	114 4	114 4	122.4	+0.9	2.03
(Accum Units)	6	163.8	163.9	175 3	+1.3	2.03
European Growth	6	119.1	119.2	126 8	+1.5	0.39
(Accum Units)	6	146.1	146 2	155.6	+1.8	0.39
Extra High Inc	6	69.85	70.94xd	75 87	-0.02	6.44
(Accum Units)	6	94.31	95.74	102.4	...	6.44
Gilt & Fxd Int	4	51.43	51.47xd	53.75	+0.33	8 65
(Accum Units)	4	100.6	100 6	105.1	+0.6	8.65
High Yield	6	205 0	207.8	222 2	+0.4	4.93
(Accum Units)	6	386.9	392.0	419.3	+0.8	4.93
Income	6	233.0	233 0	249.2	+1.8	3 65
(Accum Units)	6	414 3	414.3	443.1	+3.4	3 65
Intl High St UT	6	52.89	52.89xd	56.57	-0.33	1.68
(Accum Units)	6	54 92	54.52	58.31	+0 47	1.68
Japan & Pacific	6	365 4	365 5xd	391.2	+1.4	0 00
(Accum Units)	6	384.1	384.2	411.2	+1.5	0.00
Mandarin Tst	6	54 65	54 67	58.47	+0 72	0 79
(Accum Units)	6	54.65	54.67	58.47	+0.72	0.79
Magd P'folio Acc	6	66.33	67.06	71.72	+0.49	1.72
Money Market UT	4	49 31	49.31	51.28	+0.03	10.72
North American	6	108.1	108.1	115.6	+0.3	0.44
(Accum Units)	6	132.9	132.9	142.1	+0.4	0.44
Smaller Cos	6	175 9	175.9	188.1	+0.7	1.34
(Accum Units)	6	195 0	195.0	208.6	+0 9	1.34
Meridian Income	6	105.3	106 0xd	113.4	+0.7	3.78
(Accum Units)	6	108 0	108.6	116.2	+0.6	3 78
Meridian Growth	6	113.2	114.0	121.9	+1.0	1.54

Phillips & Drew Unit Managers Ltd
14 Finsbury Square, London EC2A 1PD 01-628 6070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Charities Fxd Int		98.72	98.72	98.93	----	9.4
Charities Ind Lkd		99.20	99.20	99.50	.....	2.8
UK Exempt		98.33	98.33	100.0	+1.35	3.9
Charities Intl		—	—	—	----	—

Prolific Unit Tst Mngrs Ltd (1200)H
222 Bishopsgate, London EC2 01-247 7544/7

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Income	5	56.29	57.64	61.39	+1.47	4.27
Conv & Gilt	5	122.6	122.6	130 8	+0.4	6.18
Euro Grwth & Inc	5	47.27	47.27	50 50	+0.54	2.07
Extra Income	5	134.2	135 6xd	144.6	+1.4	4.72
Far East	5	252.2	255.8xd	271.9	+0 8	0.01
High Income	5	87.21	88.17xd	94.00	+1.69	4.39
International	5	134.4	134.4xd	142.9	+1.1	0.84
Nth American	5	129.9	131.7xd	140.9	+0.5	0 01
Pref & Fxd Int	5	46.62	47.63xd	50.68	+0.04	8.40
Special Sits	5	102.9	102.9	110.0	+1.2	0.68
Technology	5	126.3	127.5	136.0	+0 6	0.65

Providence Capital Fd Mgrs Ltd (1000)H
30 Uxbridge Road, London W12 8PG 01-749 9111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Worldwide Inc	5	89.57	89.57xd	95.69	+0.37	0.65
Worldwide Acc	5	93.30	93.30xd	99.67	+0.39	0.65
UK Equity Inc	5	75.25	75.25	81.15	+1.06	2.28
UK Equity Acc	5	81.70	81.70	88.11	+1.14	2.28
European Inc	5	104 00	104.00	111.20	+1 0	0.90
European Acc	5	107.70	107.70	115.20	+1.10	0.90
Nth American Inc	5	56.34	56.34	59.91	+0.41	2.47
Nth American Acc	5	58.42	58.42	62.12	+0.42	2.47
Japan Inc	5	110.30	110.30xd	117.90	+0 20	0.00
Japan Acc	5	110 50	110.50xd	118 10	+0.20	0.00
UK High Inc Eq Inc	5	68.80	68.80	74.46	+0.84	4.81
UK High Inc Eq Acc	5	76.42	76.42	82.71	+0 93	4.81
Hong Kong Inc	5	50 33	50.33xd	53 68	+0.39	1.59
Hong Kong Acc	5	52.08	52.08xd	55.55	+0 41	1.59
Swiss Equities Inc	5	33.53	33.53xd	35.98	+0.46	0.71
Swiss Equities Acc	5	33.82	33.82xd	36.29	+0.46	0.71
W'wide Bond Inc	5	50.29	50.29xd	53.14	+0.06	4.52
W'wide Bond Acc	5	51.93	51.93xd	54.87	+0.06	4.52
Emerging Asia Inc	5	67.99	67.99	72.90	+0.41	0.00
Emerging Asia Acc	5	67.99	67.99	72.90	+0 41	0.00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Convtbl & Equity	5	62.91	65.61	69.79	-0.25	5.69
European	5	61.89	62.35	66.35	+0.43	0.20
Far Eastern	5	58.54	58.64	62.38	+1.06	0.92
Growth Inc	5	87.48	90.76xd	96.56	+0.12	1.47
Growth Acc	5	87.48	90.76xd	96.56	+0.12	1.47
Income Inc	5	81.05	82.70	87.98	+0.59	3.60
Income Acc	5	81.05	82.70	87.98	+0.59	3.60
Property Share	5	54.57	54.57	58.15	-0.25	1.11
Smaller Co's	5	58.49	61.67	65.60	-0.01	1.47
Formerly RBC Trust Managers Ltd						
Nth American	5	54.77	54.77	58.56	+0.15	1.82
International	5	45.03	45.03	48.15	+0.46	1.49
Wright Seligman Fund Mngrs Ltd (1000)H						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Growth	5	95.57	95.57	100.57	—	13.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	61.55	63.93	68.01	+0.30	2.96
YUTM Ex Eqty Inc III	5¼	58.95	61.08xd	64.98	+0.32	4.70
YUTM and Goth Tst &	5¼	47.70	47.70xd	50.89	-0.44	1.08

OTHER UK UNIT TRUSTS

	Bid	Offer	+ or -	Yield
Baillie Gifford & Co Ltd				
Int'l Expt April 5	443.4	460.51	—	—
Cent. Bd. of Fin. of Church of England				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Mar 31		498.00	—	4.76
Fxd Int Sec Mar 31		142.20	—	10.06
Deposit Mar 31		100.00	—	12.56
Charities Official Invest. Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Mar 31		472.94	—	5.05
Accum Mar 31		1543.14	—	—
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Apr 12	124.2	127.6	-1.1	1.77
Managed Apr 12	124.1	128.7	-1.7	2.25
Japan Apr 13	137.4	141.2	-2.3	0.14
Pacific Apr 14	438.1	447.1	+8.9	0.21
Sm Jap Cos Apr 14	256.7	263.8	-2.5	0.10
Fidelity Investment Services Ltd				
Mngd Pens P'folio	116.3	119.5	+0.80	1.63
Robert Fleming Asset Mngmt Ltd				
Am Exempt Apr 11	£354.50	359.77	—	1.87
Gen Exempt Apr 11	£119.85	122.28	—	3.86
Jap Exempt Apr 11	£653.22	666.22	—	0.48

	Bid Price	Offer Price	+ or -	Yield Gross
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc	257.8	271.4	+0.1	—
Equity Acc	816.5	859.5	+0.1	—
Property Acc	485.9	511.5	+0.1	—
Far East Acc	197.8	208.3	—	—
European Acc	21.3	22.5	—	—
Managed Acc	646.5	680.6	+2.0	—
Managed Cap	367.8	387.2	+1.1	—
Gr'wth Earnings Acc	543.9	572.6	+2.4	—
Gilt Edged Acc	311.3	327.7	+1.2	—
American Equity Acc	418.3	440.3	+0.3	—
American Man Acc	194.5	204.8	+0.6	—
American Prop Acc	138.2	145.5	-0.9	—
Pen.F.I.Dep.Cap	283.9	298.9	+0.2	—
Pen.F.I.Dep.Acc	483.6	509.1	+0.5	—
Pen. Prop. Cap	568.9	598.9	—	—
Pen. Prop. Acc	1070.1	1126.5	+0.1	—
Pen. Man. Cap	793.0	834.8	+7.2	—
Pen. Man. Acc	1491.3	1569.8	+14.1	—
Pen.Gilt Edg.Cap	312.7	329.2	+2.1	—
Pen. Gilt Edg. Acc	480.6	505.9	+4.8	—
Pen. Eq. Cap	1297.3	1365.6	+14.9	—
Pen. Eq. Acc	1849.0	1946.4	+21.0	—
Pen. Am. Eq Cap	133.3	140.4	+1.0	—
Pen. Am. Eq Acc	160.0	168.5	+1.2	—
Pen. Far East Cap	235.0	247.4	—	—
Pen. Far East Acc	282.4	297.3	+0.2	—
Pen. Euro Cap	24.2	25.5	+0.3	—
Pen. Euro. Acc	26.1	27.5	+0.2	—
Pen. B.S. Acc	528.4	554.9	+0.4	—
Pen. B.S. Cap	318.8	334.8	+0.2	—
Pen. D.A.F. Acc	370.6	370.6	+0.4	—
Pen. D.A.F. Cap	251.0	251.0	+0.2	—
Pen. Mortgage Cap	142.6	150.2	+0.2	—
Pen. Mortgage Acc	171.3	180.4	+0.2	—
Swing Funds				
Pen Equ Cap	27.0	28.5	+0.2	—
Pen Equ Acc	28.0	29.5	+0.2	—
Pen Am Eq Cap	29.2	30.8	+0.2	—
Pen Am Eq Acc	30.3	31.9	+0.2	—
Pen Far East Cap	30.1	31.7	+0.2	—
Pen Far East Acc	31.1	32.8	+0.2	—
Pen Euro Cap	32.8	34.6	+0.3	—
Pen Euro Acc	34.0	35.8	+0.3	—
James Capel Funds				
Pen Equ Cap	28.0	29.5	+0.1	—
Pen Equ Acc	29.0	30.6	+0.1	—
Pen Am Eq Cap	29.0	30.6	+0.1	—
Pen Am Eq Acc	30.1	31.7	+0.2	—
Pen Far East Cap	29.8	31.4	+0.2	—
Pen Far East Acc	30.8	32.5	+0.2	—
Pen Euro Cap	29.6	31.2	—	—
Pen Euro Acc	30.6	32.3	—	—
Ambassador Life Assce. Co Ltd				
80 Holdenhurst Rd, Bournemouth 0202 292345				
Equity Fund Acc	149.8	157.71	+0.51	—

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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Premium Life Assurance Co Ltd

37-39 Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	113.0	119.0	+1.0	−
Building Soc. Fd	169.0	178.0		−
Balanced	276.0	291.0	+2.0	−
European	160.0	169.0		−
GT Managed	176.0	186.0	+1.0	−
Gartmore Mngd	113.0	119.0		−
German	114.0	120.0	+2.0	−
Gilt	174.0	184.0	....	−
Global	48.0	51.0	....	−
High Inc.	115.0	122.0	....	−
International Equity	184.0	194.0	+1.0	−
Japan	241.0	254.0	+3.0	−
Managed	63.0	67.0	+1.0	−
Property	276.0	291.0	....	−
R W Imperial Gold	136.0	144.0	....	−
UK Equity	368.0	388.0	+3.0	−
Pension Funds				
American	140.0	148.0	....	−
Building Soc. Fd	168.0	177.0	....	−
Balanced	212.0	224.0	....	−
European	159.0	168.0	....	−
German	101.0	107.0	....	−
Gilt	148.0	156.0	....	−
International Equity	135.0	143.0	....	−
Japan	134.0	142.0	....	−
Managed	62.0	66.0	....	−
Property	213.0	225.0	....	−
UK Equity	329.0	347.0	+2.0	−

Prolific Life & Pensions Ltd

Stramongate, Kendall Cumbria LA9 4BE 0539 33733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Balanced Grth Mngd.	562.7	592.9	(z)	−
Adventurous Mngd	117.3	124.8	(z)	−
Secure Mngd	106.1	111.9	(z)	−
Cash Fd	230.3	242.7	(z)	−
Property Fund	282.3	300.4	(z)	−
Equity Fund	616.6	656.0	(z)	−
Fxd. Int. Fund	297.1	313.1	(z)	−
International	275.7	293.3	(z)	−
High Income	460.7	490.2	(z)	−
Far East	432.4	455.7	(z)	−
North American	246.1	259.4	(z)	−
Special Sits	575.6	612.4	(z)	−
Technology	231.2	246.0	(z)	−
Extra Inc Fd	276.0	293.7	(z)	−
Convertible & Gilt Fd.	149.2	158.8	(z)	−
American Income	117.6	124.0	(z)	−
Gilt Fund 20	294.5	313.3	(z)	−
European Fund	95.3	101.4	(z)	−
Pref & Fixed Int.	100.7	106.2	(z)	−
Balncd Gth Mgd Pens Acc.	538.2	566.6	(z)	−
Adventurous Mgd Pens Acc.	113.2	119.2	(z)	−

Prudential Pensions Limited

Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or −	Yield Gross
Discretionary Apr 12	£146.61	150.68	...	−
Equity Apr 12	£159.76	165.60	...	−
International Apr 12	£24.13	24.85	...	−
Intl Bond Apr 12	£11.33	11.49	...	−
Fixed Int Apr 12	£70.76	71.71	...	−
Index Linked Apr 12	£60.17	60.93	...	−
Property Apr 12	£106.31	112.72	...	−
Cash Apr 12	£20.4668	20.4668	...	−
Pru-Linked Retirement Plan				
Managed Apr 12	363.3	378.5	...	−
Cash Apr 12	192.5	200.6	...	−
Prudential Pensions Investment Account				
Pens Mngd Apr 14	149.1	157.0	+0.3	−
Pens UK Eq Apr 14	286.7	301.8	+1.4	−
Pens Intl Apr 14	173.2	182.4	−1.0	−
Pens Fixed Apr 14	162.5	171.1	+0.3	−
Pens Index Lk Apr 14	153.0	161.1	−0.6	−
Pens Cash Apr 14	125.7	132.4	+0.0	−

Regency Life Assurance Co Ltd

Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or −	Yield Gross
Aggressive Ptflio Fd	115.6	121.6	+1.0	−
Balanced Ptflio Fd.	304.1	320.1	+2.2	−
Cautious Ptflio Fd	119.7	125.9	+0.5	−
Elite Fund	104.6	110.0	+1.0	−
European Fund	80.5	84.7	+0.6	−
Far East Fund	109.4	115.1	+0.3	−
Fixed Interest Fund	240.3	252.9	+1.2	−
International Fund	254.7	268.1	+1.9	−
Money Fund	174.7	183.8	+0.2	−
N. American Fd	110.5	116.3	+1.0	−
Property Fund	410.0	431.5	+1.1	−
UK Equity Fd.	371.2	390.7	+3.4	−
A I M Brewin Dolphin Fd	90.3	95.0	+0.8	−
Swiss Select Invs	109.3	114.9	+0.5	−
Chart Safety First Bd.	107.7	113.4	+0.1	−
Exec Master Fd	91.5	96.3	+0.1	−
Hardwick Growth Fd	108.7	114.4	+0.3	−
Bentley Haig LR Port.	96.5	101.6	−0.1	−
Milbourne Spec Port.	109.1	114.8	...	−
Swim Global Fd	108.7	114.4	−0.8	−
Hardwick Tst Fd.	71.6	75.4	...	−

All funds have equivalent pension fund. Series 2 prices above. Others available from Regency Life.

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or −	Yield Gross
Deposit Acc Fd	122.4	128.8	+0.1	−
Equity Acc Fd.	300.7	316.6	+3.2	−
Managed Acc Fd	268.3	282.5	....	−
Prop Fd (1st issue)	−	555.4		−

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan & General Assurance Soc.

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (SIB RECOGNISED)

JERSEY (**)

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

[illegible]

ISLE OF MAN (**)

[illegible]

LUXEMBOURG (**)

[illegible]

OFFSHORE INSURANCES

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

BRITISH FUNDS—Contd

Undated

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
45⅝	42¾	Consols 4pc	43⅞	+⅛	9.18	–
40⅞	38¼	War Loan 3½pc‡‡	38¾	+⅛	9.03	–
70⅞	60⅞	Conv. 3½pc '61 Aft.	66⅞	+⅛	5.28	–
41⅞	31⅞	Treas. 3pc '66 Aft.	36½	+⅛	8.22	–
30¼	26¾	Consols 2½pc	27¾	+⅛	9.01	–
29½	26¾	Treas. 2½pc	27⅞	+⅛	9.11	–

Index–Linked

1989 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
127¾	124	Treas 2pc IL '90(84.6)	127¾	.....	–	2.95
106⅞	103⅞	Do. 2pc '92‡‡(97.8)	106⅞	–	2.75	3.74
99⅞	94⅞	Do. 2 '94 (102 9)	98⅞	–	3 05	3.62
145	139¾	Do. 2pc '96(67 9)	144	–	3.20	3 60
124⅞	118⅞	Do 2½pc '01(78.3)	123⅞	–	3.40	3 67
122⅞	115⅝	Do. 2½pc '03(78.8)	120⅞	–	3.45	3 69
125⅞	117⅞	Do. 2pc '06(69 5)	123⅝	–	3.47	3 67
117¾	110¼	Do. 2½pc '09(78.8)	115⅞	–	3.48	3 66
123⅞	114⅞	Do. 2½pc '11(74.6)	120⅞	–	3 48	3.65
102½	95¼	Do. 2½pc '13(89.2)	100¼	–	3 46	3.62
110⅞	101¼	Do 2½pc '16(81 6)	108⅞	–	3.43	3.58
108⅝	100⅞	Do. 2½pc '20(83 0)	106⅞	–	3.39	3.53
91⅞	84⅞	Do. 2½pc '24‡‡(97.7)	89⅝	–	3.36	3 49

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1988: 107.9 and for March 1989, 112.3.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108⅞	102⅞	African Dv Bk 11¼Ln 2010	103⅞	+¼	10 72	10 66
104¾	99⅞	Asian Dev Bk 10¼pcLn2009	100⅞xd	+¼	10 20	10.18
130⅞	123¼	Australia 13½pc 2010	124⅞xd	+⅞	10 84	10 58
113⅞	106⅞	Do 11¼pcLn2015	107⅞xd	+⅞	10 55	10 44
108⅞	102⅞	Euro Inv Bk 11pc Ln 2002	103⅞	–⅞	10 62	10 49
104⅞	98⅞	Do. 10¼pc2004	99⅞	–⅞	10 42	10 43
118⅞	112⅞	Int-Am Dev Bk 12¼pc 2003	113⅞	+⅞	11.04	10 64
99¾	93⅞	Do. 9¼pcLn 2015	94⅞	+¼	10 30	10.34
97½	94¾	Mlysia 10¼pcLn 2009	95xd	..	11 32	11 38
120	118	Utd. Mexican States 16½pc 2008	118	.....	13 98	13.80

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	100	Birmingham 13½pc 1989	100½	....	13 43	11.20
111½	102½	Do. 11½pc 2012	106½xd	....	10 80	10.70
91	87½	GLC 6¼pc 1990–92	87½xd	.	7 71	11 70
124½	14½	Leeds 13½pc 2006	122½xd	...	11 02	10.72
33	30	Liverpool 3½pc Irred.	30xd	.	11 67	–
94½	92	LCC 6¾pc '88–90	92½xd	..	7.30	12 70
30	28	Do. 3pc '20 Aft.	28xd	....	10.71	–
107½	104½	Manchester 11½pc 2007	104½xd	....	11.00	10.90

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	86½	NZ 7½pc 1988–92	88½	.....	8.19	11.60
206	206	S Rhod 2½pc Non-Asstd.	206	....	–	–
84½	84½	Do. 4½pc 87–92 Asstd.	84½xd	...	5.33	9.33

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅞	98⅞	B'wide Anglia 9½pc 8.5.89	99⅞xd	.....	9.52	12.85
99⅞	98⅞	Do. 8⅞pc 30 5 89	99⅞	+⅞	8 99	13.46
99⅞	98⅞	Do 9⅞pc 26 6.89	99⅞	+⅞	9 88	13 36
99⅞	98⅝	Do. 10⅞pc 17.7.89	99⅞	+⅞	10 76	13 39
99⅞	98⅞	Do 11⅞pc 7 8.89	99⅞	+⅞	11 14	13.36
99¾	98⅞	Do. 11⅞pc 29 8 89	99⅞	+⅞	11 64	13 35
99⅞	99⅞	Do 12¼pc 18 9 89	99⅞	+⅞	12.44	13.35
99⅞	99⅞	Do. 12⅞pc 2.10 89	99⅞	+⅞	12.38	13.33
99⅞	98⅞	Do. 11⅞pc 6.11 89	99⅞xd	+⅞	11.91	13.29
100	99⅞	Do. 12⅞pc 4 12.89	99⅞	+⅞	12.39	13.32
100¼	99⅞	Do. 12⅞pc 2.1 90	99⅞	+⅞	12.87	13.38
100½	99⅞	Do. 12⅞pc 29.1.90	99⅞	+⅞	12.64	13.38
102¼	99¾	Do. 3⅞pcIL Ln 2021	100½xd		4.46	4 58

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
97	95	Agric. Mt. 5pc '59–89	97	.....	5.15	3.26
47	45	Met. Wtr. 3pc 'B'	46xd	.....	6.52	10.41

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	.....	3.50	(8.75
45	40	Do. 6pc 28 Stb. Ass.	40xd	.....	3	(7.50
45	40	Do 4pc Mixed Ass.	40xd	.....	2	(5.00
80	65	Hung. '24 Ass.	68	.....	2.75	(3.57
139⅞	132½	Hydro Quebec 15pc 2011	133⅞	+¼	15.00	10.95
128⅞	122⅞	Iceland 14½pc Ln 2016	123⅞xd	+⅞	14.50	11.63
97¾	94½	Ireland 9¾pc '91–96	95⅞xd	.....	9.75	10.65

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33⅞	26¼	Abbott Laboratories‡	32½xd	+⅞	$1 20	–	2 2
537p	361p	♦Allegheny & W 1c.	498p	–4	30c	–	3 5
15⅞	12⅞	Amax $1	15⅞	+¼	40c	–	1.5
11⅞	956p	Amdahl 5c	10½xd	+⅛	h10c	–	0 6
31⅞	25½	Amer. Cyanamid $5	30½	+⅛	$1.20	–	2 3
19⅝	14⅞	Amer Express 60c	19⅞xd	+⅞	84c	–	2 5
12¾	854p	Amer. Medical Int. $1	12⅝	+¼	♦72c	–	3.3
19	15¼	American T & T $1	18⅞	+⅛	$1 20	–	3 8
30⅞	26⅞	Ameritech $1	30⅞	+¼	h$2 92	–	5 6
14⅞	9⅝	BankAmerica $1⅞	13⅞	+⅞	60c	–	2 5
25⅝	19¼	Bankers N Y $1	24⅞xd	+⅞	$2 08	–	4 9
45⅝	38½	Bell Atlantic $1	45	+⅝	$4 08	–	5 3
25⅞	19⅞	BellSouth Corp.	24⅞	+¼	$2.36	–	5.6
15⅞	12⅞	♦Bethlehem Steel $8	14½xd	+⅛	–	–	–
11⅝	929p	♦Bio-Rad Labs A	11	–⅛	–	–	–
17⅞	15¼	Bowater Inc.	16⅞	+⅛	$1 12	–	3 9
12	9¼	Brunswick 75c	10⅞xd	.	44c	–	2 4
33⅞	28¾	CPC Intnl 25c	33⅞	+¼	$1 60	–	2 8
19¼	17¼	CSX $1	18⅞	+⅛	$1 24	–	3 9
798p	333p	California Engy	516p	–4	–	–	–
23⅞	17¼	Campbell Soup 15c	23¼	–⅛	92c	–	2.3
22⅞	15⅞	Chase Manhattan $12½	20⅞	+¼	$2.36	–	6 6
21½	17	Chem Banking Corpn.	20⅝	..	$2 72	–	7 8
16¼	14⅞	Chrysler $6¼	14½xd	+⅞	$1 20	–	4 9
17⅝	14⅞	Citicorp $1	17⅞xd	+½	$1 48	–	5.1
230p	162p	CityFed Fin Corp	183p	+3	4c	–	1.3
29¼	25¼	Colgate-Palmolive $1	28⅞xd	+⅞	s$1 48	–	3 0
21½	16⅞	Cons Freightways 62½c.	19⅝	+⅛	98c	–	3 0
12⅞	10¼	Cont'l Bank Corp $4	12⅞	+¼	6c	–	0 4
387½p	300p	♦Corporate Data Scnc.	341p	+2	–	–	–
386p	278p	Cullinet Sftwr 1c	315p	–2	–	–	–
23⅞	21⅞	Dana Corp $1	23¼	–⅞	$1 60	–	4 0
10⅞	854p	Data General	973p	+8	–	–	–
32⅞	26⅞	Dun & Bradstreet $1	[illegible]	[illegible]	$1 74	–	3 3
34⅞	[illegible]	Exxon Corpn 50c	[illegible]	[illegible]	h$2.00	–	3 4
10⅞	[illegible]	[illegible]	[illegible]	[illegible]	70c	–	4 1
19⅞	[illegible]	[illegible]	[illegible]	[illegible]	$2 20	–	7 4
32⅞	27	[illegible]	[illegible]	[illegible]	$3 00	–	6 2
34½	30	[illegible]	[illegible]	[illegible]	$2 00	–	3 4
27¾	24½	[illegible]	[illegible]	[illegible]	$1 61	–	3 5
567p	454p	[illegible]	[illegible]	[illegible]	28c	–	3 2
22½	18¼	Gillette $1	[illegible]	[illegible]	96c	–	2 5
769p	616p	Gt Am Fin. [illegible]	[illegible]	+2	60c	–	4 7
19⅞	16⅞	Greyhound $1½	[illegible]		$1 32	–	4 0
11½	847p	Hasbro Inc 50c	[illegible]	+¼	10c	–	0 9
8½	6	Home Group $1	8½xd	+⅛	20c	–	1 4
43¼	32¼	Honeywell $1½	41⅝		$2 10	–	2 9
16⅝	15¼	Houston Inds ‡	16⅝	+⅛	$2 96	–	10 6
74⅝	63⅞	IBM Corpn $1¼	64⅞	+⅝	$4.40	–	4 0
52p	45p	♦Image Storage/R Sys 1c	45p		–	–	–
23⅞	18¾	Ingersoll-Rand $2	22¼xd	+⅛	$1 04	–	2 7
29¾	22½	Lockheed Crpn $1	27½xd	+⅛	$1 60	–	3 4
18⅞	15⅞	Lone Star Inds $1	18xd	–¼	$1 90	–	6 2
20⅞	17½	Louisiana Land 15c	20⅝xd	+¼	$1 00	–	2 9
14¾	11½	Lowe's 50c	13⅞	+⅛	48c	–	2 0
21⅞	15⅞	Manuf Hanover $1	20⅞	+⅛	$3 28	–	9 3
17⅞	13⅞	Merrill Lynch $1	16⅞	.	$1 00	–	3 6
2253p	1910p	Molex Inc.	1910p	–5	3 3c	–	–
23⅝	18⅛	Morgan (JP) $2½	21⅞xd	+⅛	$1.66	–	4.5
42¼	36¼	NYNEX $1	42	+¼	$4 04	–	5 6
20⅞	18¼	PHH Corp ‡	20⅝	+½	$1 12	–	3 2
240p	220p	♦Pacific Agr.‡	240p	.	–	–	–
21⅛	19	Pacificorp $3¼	21	–⅞	$2 64	–	7 4
21¾	16⅞	Pacific Telesis 10c	21¼	+⅛	$1 76	–	4 8
17⅝	15¼	Pall Corp 25c	17½	+¼	48c	–	1 6
50⅞	39⅞	Pennzoil 83 1/3c	49¾	–⅛	$3.00	–	3 6
21	17⅞	Premark Intl	20⅞	–⅞	60c	–	1 7
32½	28¾	Quaker Oats $5	32½xd	+⅛	$1 20	–	2 2
26¼	23½	Rep NY Corpn $5	25⅝	–⅞	$1 20	–	2.7
13¼	11⅞	Rockwell Intl. $1	12⅞xd	+¼	72c	–	3.3
26¼	21⅝	Southwestern Bell $1	26¼	+¼	$2.48	–	5 5
23⅝	17⅞	Sun Co. Inc. $1	22⅞	–⅞	$1.80	–	4 6
26⅞	22⅞	TRW Inc. 62½c	26½	+⅛	$1 72	–	3 8
18⅞	14⅛	TW Services $5	18½	–¼	10c	–	0.3
30¼	26¾	Tenneco $5	29⅞	+⅞	$3.04	–	6 0
31⅞	28	Texaco $6 25	31⅞xd	–⅞	♦$3.00	–	5.6
25⅞	21⅝	Texas Instr. $1	23⅞xd	–⅞	72c	–	1.6
69⅛	58⅝	Time Inc. $1	66⅝	+⅛	$1.00	–	0 9
17¼	15⅞	TRINOVA Corp	16½xd	+⅛	64c	–	2 2
19⅝	16	USX $1	19¼	–⅞	$1.40	–	4.2
164p	126p	♦Unitab	160p	.....	–	–	–
27¾	22¼	Utd. Technologies	27¼	+⅛	$1 60	–	3.4
158p	128p	♦Utilitech Inc.	140p	....	–	–	–
37¼	31½	US West‡	36½	+⅞	$3.76	–	–
27⅞	22⅝	Waste Management $1	27½xd	+¼	48c	–	1.0
16⅞	13½	Whirlpool $1	16⅛	....	$1.10	–	4.0
19⅝	16⅞	Whitman Corp.	19⅛xd	+⅞	96c	–	2.9
31⅞	28¼	♦Woolworth $3½	29⅞	–⅛	$1.64	–	3.2

Continued on next page

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

Aitken Hume

30 City Road, EC1Y 2AY 01-638 6070

Treasury Acc	12.00	9.39	12 71	Qtr
Mth Int Chq £1000-£5000	11.75	9.19	12 54	Mth
Mth Int Chq £5,000+	12.00	9 39	12 81	Mth

Bank of Ireland High Interest Cheque Acc

36 Queen St, EC4R 1BN 01-625 7000

2,000-4,999	11.726	9 176	12 662	Qtr
£10,000+	12.052	9.431	13 026	Qtr

Bank of Scotland

38 Threadneedle St, EC2P 2EH. 01 601 6746

Money Mkt Cheque Acc.	11.75	9 19	12 79	Mth

Barclays Prime Account

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

CANADIANS

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
157p	130p	♥ABM Gold Corp ‖	130p	.....	—	—	—
18¾p	4½p	♥Abbot Energy Corp	18¼p	−¼	—	—	—
13¼	902p	♥Amer. Barrick Res.	12½	−¼	—	—	—
3¼p	2½p	♥Amer. Lightwave ‖	2½p	.....	—	—	—
19⅞p	12¼p	♥Armeno	13⅞p	−2	—	—	—
304p	94p	♥Asiamerica Hldgs ‖	296p	−8	—	—	—
33¼p	21½p	♥Augmitto Explo.	21½p	−2½	—	—	—
14⅝	12⅞	Bk. Montreal ‖	14¼	.....	$2.12	—	7.1
762p	655p	Bk. Nova Scot. ‖	716p	+2	84c	—	5.6
18¼	17	BCE ‖	18⅜	.....	$2.44	—	6.4
768p	570p	♥Bow Valley ‖	747p	−4	♦40c	—	2.6
14¼	12⅛	♥Brascan ‖	13⅝	.....	85c	—	3.1
228p	178p	♥Breakwater Res.	183p	−1	10c	—	2.6
13⅞	11¼	Can. Imp Bank ‖	13¼	.....	$1.16	—	4.2
12¼	997p	Can. Pacific ‖	11¾	+¼	76c	—	3.1
41½	38½	Do. 4pc Deb £100	41½	.....	4%	—	9.6
511p	374p	Central Capital "A" ‖	469p	−16	—	—	—
448p	340p	♥Corona Corp	395p	−1	—	—	—
373p	228p	♥Cons TVX Min.	321p	−14	—	—	—
48½p	19½p	♥Danbus Mem Syst. ‖	22¼p	.....	—	—	—
633p	524p	♥Derlan Inds ‖	617p	+2	11.75c	—	0.9
953p	751p	♥Echo Bay Mines	864p	−30	$0.07	—	0.4
572p	370p	♥ECO Corp ‖	432p	−15	—	—	—
234p	203p	♥Galactic Resources	225p	−1	—	—	—
330p	243p	Gandalf Techs. Inc.	245p	−9	—	—	—
54½p	27½p	♥Geodome Res	32p	−½	—	—	—
183p	138p	Granges Explo ‖	163p	−1	—	—	—
27½p	6p	♥Gt Pacific Res.	14⅞p	+1⅛	—	—	—
779p	651p	♥Gulf Canada ‖	735p	+5	52c	—	3.4
12½	10¼	♥Hawker Sid Can ‖	12⅛	.....	$1.08	—	4.2
588p	348p	♥Henlys Group	580p	+21	—	—	—
13⅜	11¾	♥Hudson's Bay ‖	13	+⅛	60c	—	2.2
28¼	23	♥Imperial Oil ‖	26	+¼	$1.80	—	3.3
18⅞	14¼	Inco ‖	18¼	+½	s$0.80	—	2.6
672p	599p	♥Inland Nat. Gas $1	667p	+9	60c	—	4.3
290p	102p	♥Madeleine Mines	290p	+60	—	—	—
193p	163p	♥Muscocho Explo	173p	−1	—	—	—
126p	85½p	♥Nevada Goldfields	114p	−3	—	—	—
12⅞	10⅞	♥Rio Algom	12⅞	+¼	$1.30	—	5.0
19¾	17¼	Royal Bk. Can. ‖	19¾	.....	$2.20	—	5.4
41½	33¼	Seagram ‖	41½	+⅛	US$1.40	—	2.0
112p	74½p	♥Sonora Gold Corp ‖	89p	−3	—	—	—
85p	33p	♥Spiral Eng ‖	64½p	−½	—	—	—
109p	73p	♥Tam Pure Tech Corp ‖	91½p	−½	—	—	—
19½	16⅛	Toronto-Dom Bk. ‖	18⅝	+⅛	$1.12	—	2.9
820p	686p	♥Trans Can Pipe.	794p	−4	68c	—	4.1
183p	154p	Varity Corp ‖	168p	+4	8	—	—

BANKS, HP & LEASING

1989 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*278	224	ANZ $A1	224	.....	s034½c	2.0	7.7	6.5
*324	241	Allied Irish	323	+4	F07.9%	3.1	4.7	11.1
£12½	£11½	Algemene Fl. 10	£12½	+⅛	Q27%	1.9	6.2	—
*72½	61	Anglo Irish	70p	.....	012½%	4.0	5.7	11.8
79	75	Ansbacher (H.) 1p	77	.....	2.0	—	3.5	—
£57¾	£45½	B'caire Cie Fr100	£57¼	+2⅞	012½%	—	2.0	—
£40⅞	£36⅛	Banco Bilbao Viz	£37	−1⅛	035.7%	2.0	3.5	14.2
£33	£28	Banco de Santander	£32½	−⅛	Q21%	2.4	2.3	17.8
*313	230	Bank Ireland Ir£1	313	+4	Q15.67%	3.3	4.2	11.3
£17½	£17½	Bank Leumi	£17½	.....	—	—	—	—
350	350	Bank Leumi (U.K.)	350	.....	13.5	—	5.1	—
105	88	Bank Scotland	95	.....	th3.15	4.1	4.4	6.4
111¼	104½	Do. 9¼pc Irrd Pf.	108½	.....	9¼%	—	11.4	—
*67	52	Bank of Wales	62	.....	q2.8	2.6	6.1	8.7
*485	404	Barclays £1	431½	−2½	23.0	3.5	7.1	4.9
31	28	Benchmark 20p	29	.....	1.63	1.0	7.5	16.7
350	334	Brown Shipley £1	347	.....	10.5	—	4.0	—
63	57	Business Mort Tst.	63	+1	—	—	—	—
410	325	Cater Allen £1	403	.....	22.5	—	7.4	—
259	201	Chancery	245	.....	t6.0	2.9	3.3	14.1
£16¼	£14½	Commerzbk DM10	£16¼	+⅛	Q18%	—	3.6	—
*£27⅜	£22¾	C'hgn Hbk Kr100	£22¾	+⅛	Q15%	—	5.4	—
£16⅞	£12⅞	Dai Ichi KBk Y50	£14⅞	−⅛	Q15%	2.4	0.2	—
*£179¼	£156¼	Deutsche Bk DM50	£176¼	+4⅞	Q24%	—	2.2	—
260	225	First Nat. Fin. 10p	232	+1	11.5	2.8	6.6	6.6
134	110	FNFC 6.3pc CnRedPref	121	.....	6.3%	—	6.9	—
£16⅛	£15	Fuji Bank Y50	£15½	.....	bQ14.3%	♦	0.2	♦
295	264	Gerrard & National	264	−1	18.0	—	9.1	—
139	113	Goode Durrant 5p	128	−1	ta3.3	—	3.5	—
131	118	Guinness Mahon 10p	124	.....	1.2	—	1.3	—
255	225	Hambros 20p	230	.....	t9.0	—	5.2	—
51	40	HK & Shang. HK$2.50	49	+1½	hQ36.4c	♦	5.6	♦
495	470	Joseph (Leo) £1	480	.....	t14.38	—	4.0	—
140	131	King & Shaxson 20p	133	.....	9.25	—	9.3	—
344	277	Kleinwort Benson Grp	305	+5	14.0	—	6.1	—
388	321	Lloyds £1	354	.....	16.8	4.5	6.3	4.7
47	40	Lon. Scot. Bank 10p	41	.....	2.05	1.9	6.7	9.4
481	407	Midland £1	444	.....	23.0	3.3	6.9	5.9
£15¼	£12⅞	Mitsubishi Bank Y50	£13⅞	+⅛	Q15%	♦	0.2	♦
318	267	Morgan Grenfell £1	279	+3	10.85	—	5.2	—
*335	275	Nat Aust. Bk. A$1	279	−1	sQ32c	1.5	5.5	12.1
629	510	Nat. West. £1	576	.....	28.25	4.4	6.5	4.5
£210	£170	Ottoman Bank	£200	.....	Q90%	—	4.5	—
83	62	Rea Bros Group	71	−1½	0.5	—	0.9	—
*205	155	Rothschild (J) Hldgs.	191	+1	98.0	2.7	5.6	8.5
416	348	Royal Bk. Scotland	385	−2	15.0	4.4	5.2	5.8
£13⅛	£10⅞	Sanwa Bank Y50	£11½	−⅛	Q15%	7.1	0.3	48.8
175	124	Scandinavian Bk Units	158	−½	8.5	—	7.2	—
975	870	Schroders £1	945	.....	19.5	—	2.8	—
775	655	Do. £1 N/V	750	.....	19.5	—	3.5	—
£24¼	£19⅞	Sec. Pacific $10	£24¼	+⅞	Q$1.80	—	4.3	—
*567	500	Standard Chard. £1	522	−1	33.9	♦	8.7	♦
£19⅞	£15⅞	Sumitomo Bank Y50	£15⅞	+⅛	Q15%	7.5	0.2	63.0
133½	107½	TSB	108½	−1	5.24	3.5	6.4	5.9
228	164	TSB Ch'nel Is'l	228	+5	Q6.1	3.5	2.7	11.6
523	470	Union Discount £1	480	−5	30.0	—	8.3	—
352	277	Warburg (S.G.)	315	+2	t11.5	—	4.9	—
123	98	Do 6pc A Cnv Prf.	112	.....	6%	—	7.1	—
*284	233	Westpac $A1	235	.....	sQ33c	1.7	6.8	8.7
465	443	Wintrust 20p	458	.....	t6.95	3.9	2.0	16.9

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

1989 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
147	135	Unit Group .... y	135	......	F7.5	2.9	7.4	7.7
32	23	Whitegate Leisure 20p y	31	+½	–	–	–	–
17½	10	Do. Wrrnts.... ..... y	16	-1	–	–	–	–
9¼	5	Wilton Group 1p... y	8¼	......	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xk ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Albany Inv 20p.... y	92	....
Craig & Rose £1.. y	720	....
Finlay Pkg. 5p.... y	91	....
Holt (Jos) 25p .... y	1285	+3

IRISH

Stock	Price	+ or -
Cap. 8½% Ln. 1991...	£100⅞	....
9pc Cap Ln. 1996..	£101	....
Fin. 13% 97/02...	£120½	....
Arnotts................	460	....
Carrol (P.J.)....... y	152	....
Hall (R. & H.).......	155	....
Helton Hldgs....... y	76	....
Irish Ropes..........	200	....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	48
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	48
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Stock	p
Brit Land	30
Land Securities	52
MEPC	50

Oils

Stock	p
Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Stock	p
Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls as pound rises

THE DOLLAR weakened on the foreign exchanges yesterday. This continued the trend seen on Friday when US economic data pointed to a possible slowdown in growth. It also followed hints from Mr Nicholas Brady, US Treasury Secretary, that the accord between the White House and Congress on cuts in the budget deficit could lead to lower interest rates.

Trading was quiet, with the dollar losing ground in the Far East and then holding in a narrow range during European trading. Dealers are waiting for today's announcement on whether the March US Consumer Prices Index rose by the expected 0.5 per cent, taking year-on-year inflation up to 4.9 per cent. The rise in February prices was 0.4 per cent, to give an annualised inflation rate of 4.8 per cent.

A CPI figure lower than 0.5 per cent will tend to confirm an economic slowdown after last Friday's lower than expected rise in producer prices. This in turn would lend further weight to the arguement that the US Federal Reserve does not need to tighten its monetary stance at present.

On Bank of England figures the dollar's index fell to 67.9 from 68.2 yesterday. At the close in London the US currency had fallen to DM1.8565 from DM1.8700; to SFr1.6365 from SFr1.6505; and to FFr6.2850 from FFr6.3250. It had also weakened to Y131.90 from Y132.15, but the dollar's decline against the yen appears to be limited by nervousness surrounding the Japanese currency, as a result of the Recruit share scandal. The D-Mark attracted demand against the yen, gaining on the cross rate to Y71.05 from Y70.65.

The mix of economic news from West Germany and France left the D-Mark firmer against the French franc. The German currency closed at FFr3.3855 in London, compared with FFr3.3825 on Friday. At yesterday's Paris fixing the D-Mark rose to FFr3.3846 from FFr3.3835.

The situation regarding West German withholding tax remained confused. The D-Mark was supported by expectations Mr Helmut Kohl, West German Chancellor, will announce modifications to the tax in an statement scheduled for April 27. France's current account moved into a seasonally adjusted FFr900m deficit in February, from a revised surplus of FFr4.2bn in January.

UK news suggested a slowdown in the economy, with industrial production falling 0.3 per cent in March and retail sales flat in the same month, although the latter figure conflicts with a buoyant result from the latest CBI/FT survey of the distributive trades.

Sterling was not greatly influenced by the figures, but had a firm technical undertone. The pound rose 1.60 cents to $1.7150. It also improved to DM3.1850 from DM3.1775; to Y226.25 from Y224.50; to SFr2.8075 from SFr2.8050; and to FFr10.7800 from FFr10.7450. Sterling's index, according to the Bank of England, rose 0.3 to 95.7.

£ IN NEW YORK

Apr 17	Latest	Previous Close
£ Spot	1.7155-1.7160	1.7040-1.7050
1 month	0.38-0.32pm	0.37-0.36pm
3 months	1.18-1.16pm	1.15-1.13pm
12 months	3.70-3.60pm	3.55-3.43pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.17	Previous
8.30 am	95.4	95.4
9.00 am	95.5	95.4
10.00 am	95.5	95.4
11.00 am	95.5	95.4
Noon	95.4	95.4
1.00 pm	95.4	95.4
2.00 pm	95.5	95.4
3.00 pm	95.5	95.3
4.00 pm	95.7	95.4

CURRENCY RATES

Apr.17	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.764848	0.654973
U.S Dollar	7	1.29657	1.11902
Canadian $	12.39	1.53968	1.32682
Austrian Sch.	4	17.1381	14.6402
Belgian Franc	7.75	50.9811	43.5355
Danish Krone	7½	9.46885	8.09165
Deutsche Mark	4	2.43509	2.07925
Neth.Guilder	5.00	2.74743	2.34648
French Franc	9½	8.21377	7.03697
Italian Lira	13½	1786.06	1526.12
Japanese Yen	2½	171.536	147.744
Norway Krone	8	8.83223	7.56347
Spanish Peseta	-	151.425	129.292
Swedish Krona	8½	8.26888	7.08677
Swiss Franc	4.5	2.14388	1.83576
Greek Drach.	20½	207.068	177.231
Irish Punt	-	0.912625	0.779806

*All SDR rates are for Apr.14

CURRENCY MOVEMENTS

Apr.17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	95.7	-16.2
U.S Dollar	67.9	-10.1
Canadian Dollar	102.9	-0.2
Austrian Schilling	106.8	+9.9
Belgian Franc	106.0	-6.1
Danish Krone	103.1	-1.7
Deutsche Mark	113.0	+20.6
Swiss Franc	104.7	+13.6
Guilder	110.2	+13.0
French Franc	99.6	-15.1
Lira	97.5	-20.2
Yen	146.6	+79.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Apr.14.

OTHER CURRENCIES

Apr 17	£	$
Argentina	87.9800-88.2100	51.4000-51.6000
Australia	2.1005-2.1030	1.2295-1.2305
Brazil	1.7030-1.7128	0.9950-1.0000
Finland	7.0945-7.1075	4.1550-4.1570
Greece	268.50-272.95	157.10-159.95
Hong Kong	13.2905-13.3035	7.7800-7.7820
Iran	120.60*	70.30*
Korea(Sth)	1136.35-1145.50	664.70-670.10
Kuwait	0.49660-0.49810	0.29050-0.29125
Luxembourg	66.60-66.70	38.80-38.90
Malaysia	4.6470-4.6585	2.7220-2.7240
Mexico	4114.50-4135.00	2404.00-2414.00
N Zealand	2.7870-2.7920	1.6315-1.6340
Saudi Ar.	6.4105-6.4160	3.7500-3.7510
Singapore	3.3260-3.3315	1.9475-1.9495
S Af (Cm)	4.3295-4.3405	2.5330-2.5360
S Af (Fn)	6.8085-6.9470	3.9840-4.0650
Taiwan	46.30-46.40	27.10-27.15
U A E.	6.2780-6.2835	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5355	+2.54	+0.86	±1.5344
Danish Krone	7.85212	8.09165	+3.05	+1.37	±1.5404
German D-Mark	2.05853	2.07925	+1.01	-0.67	±1.0981
French Franc	6.90403	7.03697	+1.93	+0.25	±1.3674
Dutch Guilder	2.31943	2.34648	+1.17	-0.51	±1.5012
Irish Punt	0.768411	0.779806	+1.48	-0.20	±1.6684
Italian Lira	1483.58	1526.12	+2.87	+1.89	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Apr.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7055-1.7155	1.7145-1.7155	0.38-0.35cpm	2.55	1.17-1.13pm	2.68
Canada	2.0205-2.0355	2.0320-2.0330	0.11dis-parcpm	0.32	0.39-0.23pm	0.61
Netherlands	3.57-3.59½	3.58½-3.59½	1⅞-1¾cpm	6.06	5⅝-5½pm	6.20
Belgium	66.30-66.70	66.60-66.70	27-25cpm	4.68	83-78pm	4.83
Denmark	12.33¾-12.40	12.38¾-12.39¾	4½-3¾orepm	3.94	13⅝-12¾pm	4.28
Ireland	1.1890-1.1960	1.1930-1.1940	0.45-0.40ppm	4.27	1.40-1.30pm	4.52
W. Germany	3.17-3.18¾	3.18¼-3.18¾	1¾-1⅝pfpm	6.36	5¼-5pm	6.44
Portugal	261.80-264.20	262.30-263.30	8-36cdis	-1.00	19-108dis	-0.97
Spain	197.00-198.35	197.35-197.65	37-26cpm	1.91	71-56pm	1.29
Italy	2325½-2339¼	2337-2338	3-1lirepm	1.03	8-6pm	1.20
Norway	11.53¼-11.59	11.56¼-11.57¼	1⅝-1¼orepm	1.49	5¼-4¾pm	1.77
France	10.73-10.78¾	10.77½-10.78½	3¾-3¼cpm	4.24	11⅝-11½pm	4.34
Sweden	10.80¼-10.85¾	10.83¾-10.84¾	1½-1¼orepm	1.45	3¾-3¼pm	1.34
Japan	224¼-226¼	225¼-226¼	1⅝-1½ypm	8.29	4⅝-4½pm	8.07
Austria	22.28-22.42	22.30-22.33	12-11gropm	6.18	36¼-33½pm	6.24
Switzerland	2.79½-2.81¼	2.80¼-2.81¼	1½-1⅜cpm	6.14	4⅝-4½pm	6.50

Belgian rate is convertible francs. Financial franc 66.95-67.05. Six-month forward dollar 2.19-2.14cpm 12 months 3.63-3.53cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7055-1.7155	1.7145-1.7155	0.38-0.35cpm	2.55	1.17-1.13pm	2.68
Ireland†	1.4325-1.4375	1.4360-1.4370	0.25-0.30cdis	-2.30	0.69-0.79dis	-2.06
Canada	1.1835-1.1860	1.1850-1.1860	0.20-0.24cdis	-2.23	0.59-0.65dis	-2.09
Netherlands	2.0925-2.0995	2.0935-2.0945	0.63-0.60cpm	3.52	1.82-1.78pm	3.43
Belgium	38.80-39.95	38.80-38.90	7.20-5.70cpm	1.99	21.00-18.00pm	2.01
Denmark	7.21½-7.23¾	7.22-7.22½	1.05-0.80orepm	1.53	2.95-2.55pm	1.52
W Germany	1.8545-1.8605	1.8560-1.8570	0.61-0.58pfpm	3.84	1.74-1.70pm	3.70
Portugal	153.50-154.05	153.85-153.95	35-50cdis	-3.22	100-150dis	-3.15
Spain	115.30-115.70	115.55-115.65	5-9cdis	-0.73	43-48dis	-1.57
Italy	1362-1365½	1362¾-1363¾	1.50-2.00liredis	-1.54	5.40-5.90dis	-1.66
Norway	6.74½-6.76¼	6.74½-6.75	0.50-0.75oredis	-1.11	1.65-1.95dis	-1.07
France	6.27¼-6.29½	6.28¼-6.28¾	0.83-0.78cpm	1.54	2.45-2.35pm	1.53
Sweden	6.32-6.34	6.32-6.32½	0.55-0.75oredis	-1.23	2.25-2.50dis	-1.50
Japan	131.60-132.25	131.85-131.95	0.62-0.60ypm	5.54	1.81-1.78pm	5.29
Austria	13.05¾-13.09	13.06½-13.07	4.00-3.60gropm	3.49	11.70-10.50pm	3.40
Switzerland	1.6340-1.6435	1.6360-1.6370	0.52-0.49cpm	3.67	1.53-1.49pm	3.66

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.00-39.10.

EURO-CURRENCY INTEREST RATES

Apr.17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates lower

UK INTEREST rates were marked lower in London yesterday after figures showed a fall in UK industrial production in February and an unchanged March retail sales number. The key three-month interbank rate fell to 13$\frac{1}{16}$-13 per cent from 13$\frac{3}{16}$-13$\frac{1}{8}$ per cent on Friday, and now stands at its lowest level this month. While there still appears to be little chance of a cut in UK bank base rates in the short-term, yesterday's data provides additional encouragement that the current 13 per cent level may be high enough to restrict economic growth and bear down on inflation.

UK clearing bank base lending rate 13 per cent from November 25

Overnight money opened at 11¾-11½ per cent and eased initially before moving up to 11¾ per cent. However, short term funds remained in good supply, and the overnight rate fell away to finish at 8 per cent.

The Bank of England forecast a surplus of around £300m. Factors affecting the market included bills maturing outside official hands and a take up of Treasury bills, together with repayment of any late assistance adding £625m. There was also a fall in the note circulation of £485m. These were partly offset by Exchequer transactions which drained £605m, and banks' balances brought forward £200m below target.

There was no intervention by the Bank during the morning. In the afternoon it revised its forecast to a surplus of around £250m, and sold £243m of Treasury bills at 11$\frac{13}{16}$-11¾ per cent, maturing on Friday.

In Paris, the Bank of France left its money market intervention rate unchanged at 8.25 per cent when adding fresh liquidity to the market. A total of FFr72.9bn was allocated through two sale and repurchase agreements, maturing on April 28 and May 11. The new agreements coincide with a maturing facility which yesterday drained FFr72bn from the system.

Short-term interest rates rose slightly in Frankfurt to 5.80-5.90 per cent from 5.75-5.85 per cent on Friday. Commercial banks were bidding for funds to meet corporate tax payments. The outflow of funds may be offset by another Bundesbank sale and repurchase tender, details of which are due to be announced today.

Most traders expect the authorities to announce a further variable bid tender to replace a maturing facility which will drain DM15.5bn from the system tomorrow.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

FINANCIAL FUTURES

Sterling prices firmer

SHORT STERLING prices rose in Liffe trading yesterday as investors moved to cover short positions after a fall in cash rates. The June contract moved up to 86.93 at the close, its best level of the day, having opened at 86.79, unchanged from the close on Friday.

Despite the firmer tone, some traders are more cautious in their outlook. While a fall in industrial production in February may indicate that the current level of interest rates is helping to slow economic growth, dealers noted that unit wage costs continue to rise. In the three months to February, the figure rose by 2.9 per cent against 2.7 per cent in the three months to January.

Long gilt futures were also higher, but unlike the short sterling contract, finished below the day's highs. The June price opened at 95-03, down from 95-10 on Friday and moved up to a high of 95-27 before finishing at 95-22.

US Treasury bond futures edged slightly firmer in very quiet trading. Many investors are content to remain on the sidelines until after the release today of US consumer prices.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 67,722

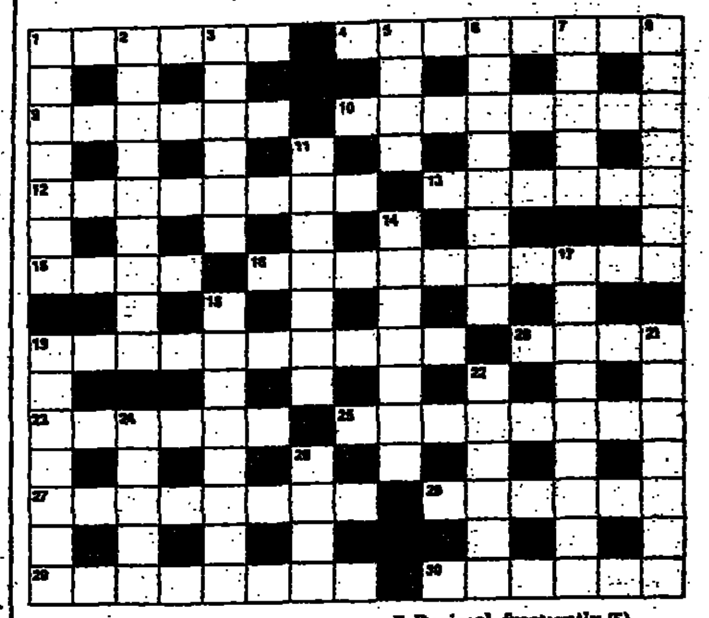
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

[illegible]

CROSSWORD

No.6,912 Set by DINMUTZ



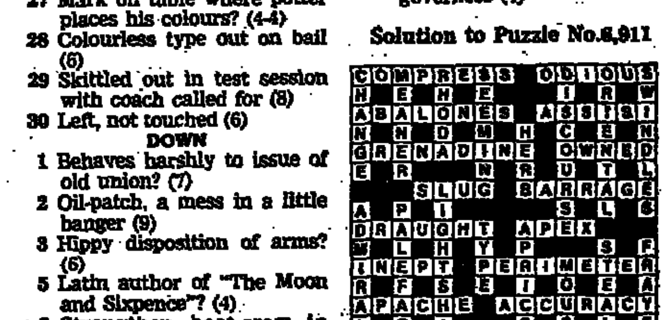
ACROSS

1 Neighbourly gathering (8)
4 Bear twins and make little of it (4-4)
9 The last lawful extract (8)
10 Motorway offence to reverse and attempt lots of revs (8)
12 Surface-to-air missile to grow rapidly in importance (5)
13 To cry peevishly women take half a turn (6)
15 Elegant spruce (4)
16 Foreman to blame worker? (10)
19 Fragment of theme in carol (10)
20 Blunder, however one looks at it (4)
23 Love-curse perhaps discovered by Friday (6)
25 Elgin marbles a trust? Ay, in a way (8)
27 Mark on table where potter places his colours? (4-4)
28 Colourless type out on bail (6)
29 Skittled out in test session with coach called for (8)
30 Left, not touched (6)

DOWN

1 Behaves harshly to issue of old union? (7)
2 Oil-patch, a mess in a little banger (9)
3 Hippy disposition of arms? (6)
5 Latin author of "The Moon and Sixpence"? (4)
6 Strengthen boat-crew in Orpington, say (8)
7 Decimal, frequently (5)
8 Roving eyes, had this yokel (7)
11 The instrument for long-distance calls (off-peak) (7)
14 Tearing away the fabric of Aberdeen's building material (7)
17 Peculiarities of a semolina mixture (9)
18 Walker to give wave on street (8)
19 By which means the sliding-scale was introduced? (7)
21 This youth of Raleigh's was framed (7)
22 Lifted from the stormy Solent (6)
24 A bed in Paris in the dark (5)
26 Very little old money for the governess (4)

Solution to Puzzle No.6,911



JOTTER PAD

WORLD STOCK MARKETS

CANADA

TORONTO

2pm prices April 17

INDICES

NEW YORK — DOW JONES

	Apr 14	Apr 13	Apr 12	Apr 11	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2337.06	2296.00	2319.65	2311.58	2347.14 (7/2)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	87.81	87.82	87.86	87.86	89.62 (8/2)	87.35 (23/3)	—	—
Transport	1086.03	1071.96	1075.52	1073.58	1087.97 (7/2)	959.95 (3/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	187.53	185.69	186.28	186.46	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2342.93 (2321.85) Low 2308.83 (2289.59)

STANDARD AND POOR'S	Apr 14	Apr 13	Apr 12	Apr 11	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite‡	301.36	296.40	298.99	298.49	301.36 (14/4)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	347.76	341.90	344.95	344.24	347.76 (14/4)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	28.22	27.70	28.02	28.05	28.22 (14/4)	24.30 (3/2)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	168.89	166.54	167.82	167.58	168.89 (14/4)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	335.82	333.44	334.23	333.14	335.82 (14/4)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	417.68	413.86	415.68	413.54	417.68 (14/4)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Apr 7	Mar 31	Mar 17	year ago (approx.)
Dow Industrial Div. Yield	3.62	3.63	3.70	3.35

	Apr 12	Apr 5	Mar 29	year ago (approx.)
S & P Industrial div. yield	3.12	3.16	3.19	2.94
S & P Indl. P/E ratio	13.26	13.09	12.93	15.35

TRADING ACTIVITY †Volume Millions

	Apr 14	Apr 13	Apr 12
New York	169.780	141.590	165.200
Amex	10.836	11.416	12.928
OTC	144.651	142.987	161.304

NEW YORK	Apr 14	Apr 13	Apr 12
Issues Traded	1,933	1,947	1,958
Rises	1,072	443	804
Falls	393	985	615
Unchanged	468	519	539
New Highs	89	54	105
New Lows	15	20	27

CANADA

TORONTO	Apr 14	Apr 13	Apr 12	Apr 11	1989 High	1989 Low
Metals & Minerals	3367.5	3305.0	3314.3	3337.5	3564.9 (6/2)	3207.5 (3/1)
Composite	3577.8	3555.7	3568.7	3571.7	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1791.73	1775.32	1788.58	1790.79	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Allstate Mun	5,044,500	10¼	+ ⅛	IBM	1,790,200	110⅜	+ 1⅝
Lyondell	2,872,700	28¾	+ ⅛	TW Services	1,761,300	31⅛	− ⅛
General Electric	2,570,400	46⅞	+ 1⅝	SmithKline	1,753,700	63⅛	—
Exxon	2,227,900	42	—	Union Carbide	1,720,500	30½	+ ⅜
AT&T	2,188,700	31⅝	+ ⅛	Ramada Inns	1,701,800	12⅛	+ ⅝

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 17	Apr. 14	Apr. 13	Apr. 12	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1419.7	1416.3	1421.5	1421.9	1551.7 (31/1)	1412.9 (7/4)
All Mining (1/1/80)	664.9	665.8	668.6	666.9	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	309.94	309.13	306.64	303.56	309.94 (17/4)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5872.06	5844.35	5851.70	5832.41	5872.06 (17/4)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	296.50	294.43	294.87	294.78	297.45 (6/4)	275.49 (27/2)
FINLAND						
Unitas General (1975)	815.6	815.2	807.6	805.6	815.6 (17/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	(u)	456.9	459.3	458.3	459.3 (13/4)	417.9 (4/1)
Ind. Tendance (30/12/88)	109.7	108.3	107.6	107.9	109.7 (17/4)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	585.21	578.79	585.28	578.19	585.28 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1741.2	1721.6	1741.9	1721.0	1741.9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1394.62	1384.03	1387.76	1381.66	1394.62 (17/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3133.98	3082.71	3079.15	3060.16	3209.96 (9/2)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	615.26	608.85	600.81	602.99	615.89 (17/1)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33308.33	33150.44	33063.94	33256.4	33360.79 (5/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2468.99	2457.42	2455.21	2466.39	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	234.9	234.7	232.8	234.3	234.9 (17/4)	208.3 (3/1)
CBS All Shr (End 1983)	187.4	187.2	185.8	187.4	187.4 (12/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	650.24	637.40	629.36	626.83	650.24 (17/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1258.33	1244.27	1241.31	1219.02	1258.33 (17/4)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1543.0	1540.0	1533.0	1496.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2463.0	2454.0	2450.0	2439.0	2493.0 (5/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	294.90	292.87	293.94	295.29	297.29 (10/4)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3794.2	3783.5	3821.7	3832.8	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	680.0	673.7	672.7	670.5	680.0 (17/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	507.6	504.6	505.2	519.0 (17/2)	491.2 (28/3)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 17 April 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nisshin Steel	45.8m	1,650	+80	Sumitomo Metal	18.6m	864	+16
Kobe Steel	34.4m	935	+8	Ebara	13.7m	2,140	+90
Nippon Steel	26.1m	932	+2	Japan Metals & Chemicals	13.1m	1,170	+20
Nippon Yusen	23.4m	1,060	+40	Daikin	12.9m	1,640	+190
Mitsui OSK Lines	18.2m	980	+32	Nissho Iwai	12.8m	1,030	+60

3pm prices April 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
29	21¾	AAR	.44	1.6	16	64	27⅞	27¾	27⅞	– ⅛
10⅛	8⅝	ACM n	1.01	12.		159	8¾	8⅝	8¾	– ⅛
11⅞	10¼	ACMIn	1.26a	12.		336	10⅞	10⅝	10⅝	– ⅛
10⅛	8½	ACM M	n1 01	11.		93	9	8⅞	9	+ ⅛
11½	10⅛	ACM Sc	1 26	12.		797	10⅝	10½	10½	
10⅛	8⅜	ACMSp	n.93e	11.		508	8¾	8½	8½	– ¼
6⅛	3⅞	AM Ind				558	5⅞	5¾	5¾	– ⅛
23½	18⅛	AM Int pf	2	8.6		256	23¼	23	23¼	– ⅛
62¼	39	AMR			8	3738	62⅛	61¼	62	+ ⅞
9½	4¼	ARX				5756	5⅛	5	5	
47	35¼	ASA	3a	7.2		152	42	41⅞	41⅞	– ⅛
20⅛	14⅞	AVX	.24	1.4	9	173	17⅞	17⅝	17⅝	
55¾	42⅞	AbtLab	1.40	2.5	16	2636	55⅝	55	55⅛	– ⅜
19	15⅞	Abitibi g	1			107	16⅝	16⅜	16½	
12⅞	7½	AcmeC	.40	4.0		340	10⅛	9¾	10	+ ¼
7⅝	5⅞	AcmeE	.32	4.1	28	142	u 8	7⅛	7⅞	+ ¼
30⅜	20¼	Acuson			26	737	30⅛	29⅝	30	+ ¼
16⅞	14¼	AdaEx	1.82e	12.		216	14⅝	14½	14⅝	+ ⅛
16⅞	7⅛	AMD				835	9	8¾	8¾	– ⅛
43½	28¾	AMD pf	3	9.1		28	33⅛	33	33⅛	– ⅞
8⅜	6½	Adobe				107	7⅞	7¾	7⅞	+ ⅛
9¼	5⅞	Advest	.12	1.7	15	31	7⅛	7	7	
54	39½	AetnLf	2.76	5.1	9	947	u54¼	53⅞	54	+ ⅛
44½	24	AhPb s	.22	.5		1423	42⅝	42	42⅛	+ ⅛
18¾	13¼	Ahmans	.88	4.8	9	2878	18½	17⅞	18½	+ ⅝
4⅝	2⅞	Aileen			20	192	3⅞	3½	3⅝	– ¼
53⅜	37⅞	AirPrd	1.20	2.8	11	1136	43⅛	42⅞	43	+ ⅛
28⅞	15½	AirbFrt	.60	2.2	27	320	28⅛	27	27½	– 1⅞
18⅛	11⅝	Airgas			12	64	17¾	17⅜	17⅜	
20½	17¼	Airlease	2.40	13.	9	11	18⅞	18¾	18⅞	– ⅛
9⅜	8½	AlaP dpf	.87	9.7		22	9	8⅞	9	+ ⅛
96¾	88¼	AlaP pf	9	10.		250	88½	88½	88½	– 1

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Continued on Page 49

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NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
1	¼	RvrOak				39	5-16	9-32	9-32	-1-32
16	8⅞	Robbin				25	10⅛	10⅛	10⅛	- ⅛
28⅞	21⅞	vjRobins			11	1083	26⅞	26⅜	26⅝	- ⅜
18¼	15¼	RochG	1.50	8.8	8	137	17⅞	17⅛	17⅛	- ⅛
60½	44¼	RochTl	2.84	4.8	14	289	59⅞	59½	59⅞	+ ⅞
20⅝	16½	RckCtr	1.84	9.8	14	208	19	18⅞	18⅞	
23½	17¼	Rockwl	.72	3.3	7	979	22	21¾	21⅞	- ⅛
9⅝	5¼	RodRen				11	5⅛	5⅛	5⅛	+ ⅛
37½	29⅝	RohHaas	1.12	3.4	10	556	33	32⅞	33	
37⅞	22⅞	Rohr			17	611	33⅞	33⅛	33⅞	+ ⅛
19	9	RolinE s	.06	.6	24	705	10⅞	10⅛	10⅝	+ ½
19¼	14⅛	Rollins	.52	2.8	17	197	18½	17⅞	18¼	+ ⅝
48¾	27¾	Rorer	.80	2.0	21	840	40⅞	40½	40⅞	+ ¼
8⅞	4½	Rowan				1467	7½	7⅜	7½	
64¼	52¼	RoylD	s3.62e	5.7	8	2171	63⅞	63½	63⅝	- ⅛
15⅞	8¼	Roylnt	.20a	1.4	17	76	14⅛	14⅛	14⅛	+ ⅛
9¼	7⅝	Royce	.51e	5.7		179	9	8⅞	9	+ ⅛
30⅞	21	Rubmd	.44	1.4	22	680	30⅝	30⅛	30½	- ⅛
28¾	16⅛	RuseBr	.40	2.2	10	77	18⅛	17⅞	17⅞	- ⅛
15⅛	12⅞	RussTg	.60	4.6	43	6	13	13	13	+ ⅛
21½	14⅝	Russell	.28	1.4	14	680	19⅞	19⅛	19½	- ⅞
30⅛	22⅝	Ryder	.60	2.4	15	690	25½	25⅛	25¼	- ¼
27¼	19⅛	Rykoff s	.60	2.5	14	112	23⅞	23⅝	23⅞	
23½	13⅞	Ryland	.60	2.9	7	23	20⅞	20⅞	20⅞	- ⅛
13¼	8⅞	Rymer				64	11⅝	11⅛	11⅛	- ¼
10⅛	7⅞	Rymer pf	1.17	12.		10	9⅝	9½	9⅝	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
30	25	XTRA pf	1.94	6.6		31	28½	28½	28½	- ⅛
3⅞	2	Zapata				320	2⅞	2⅞	2⅞	+ ⅛
27¼	18⅝	Zayre	.40	1.6	185	2242	25⅜	25⅛	25⅛	- ⅛
15½	10½	Zemex	.40	3.8	22	7	10¼	10⅝	10⅝	- ⅛
30	16½	ZenithE			95	1646	19⅞	19	19	- ½
10¾	8⅞	Zeninc	.69e	7.7		z108	9⅛	9	9	- ⅛
2⅞	1	vjZenLb				109	1⅞	1⅛	1⅛	- ⅛
21⅞	15	ZenNtl	.80b	4.1	9	84	19½	19⅛	19½	+ ⅛
18⅞	13	Zero	.44	2.4	15	47	18⅛	18⅛	18⅛	- ⅛
29⅛	19	Zurnin	.88	2.4	16	107	28¾	28½	28¾	+ ¼
11⅛	9⅞	Zweig	1.07e	10.		354	10¼	10⅛	10¼	
10⅛	8¾	ZweigT	n.24e	2.7		603	9	8¾	9	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices April 17

OVER-THE-COUNTER

Nasdaq national market, 3pm prices April 17

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WilmTr	1	12	35	34¾	34¼	34⅜	+ ⅛
WiserO	40	62	8	16¾	15⅝	16¾	
Wolohn	.28	10	459	18⅞	18	18½	- ⅛
WolvEx			6	7	6⅞	6⅞	
Worthg	.48	14	175	21⅞	21½	21⅝	- ⅛
Wyman	.80	19	68	15¾	15¼	15½	
-X-Y-Z-							
XL Dta s		18	388	19½	19¼	19½	
XOMA			1155	16¼	15⅝	16¼	+ ⅛
Xicor		10	3381	8⅞	8	8¼	
YelowF	.70	11	359	26½	26¼	26⅜	+ ⅛
ZionUt	1.44		198	25⅝	25	25⅜	+1
Zycad			184	3⅞	3⅛	3⅞	+ ⅛

AMERICA

Dow on hold as investors await prices data

Wall Street

AFTER Friday's sharp rally, the largest daily gain for nearly six months, the equity market yesterday hardly moved as financial markets traded quietly prior to today's consumer prices report for March, *writes Janet Bush in New York*.

The Dow Jones Industrial Average closed 0.73 points higher at 2,337.79 on very low volume of only 129m shares.

There was considerable reason to be cautious. First, the Dow is within a few points of it post-crash high of 2,347.14 set early in February.

Although a number of key stocks indices broke through their previous highs on Friday including the Standard & Poor's 500 and the New York Stock Exchange Composite Index, the rally was not particularly convincing in terms of breadth of buying and overall volume.

New York Stock Exchange volume totalled only 169.8m shares on Friday and a substantial amount of that was on futures-related buying. Advancing issues outnumbered declining issues by less than three-to-one, not a very strong showing.

A second reason for caution is the still-considerable uncertainty about the performance of the economy. Although the producer prices index report on Friday was marginally better than expected and the January trade deficit was revised down, there remains concern in both these areas.

It has been clear for some time that progress in redressing global trade imbalances has stalled and, as long as the dollar remains at its current, relatively firm levels, this may continue to be the case.

Opinion remains divided about how strong inflationary pressures in the economy are but no-one argues that there is no problem on prices.

The Consumer Prices Index due today is forecast to have risen by 0.5 per cent to 0.6 per cent compared with the gain of 0.4 per cent in February, boosted by sharp gains in food and energy prices.

Although the heat has been taken out of some sectors of the economy, there is little to suggest that the US Federal Reserve is about to move to an easier monetary policy stance. Indeed, there is still a strong body of opinion among economists that the Fed may tighten again in response to price pressures.

There was little corporate news to enliven trading. The leading story involved Control Data which fell $⅞ to $21½.

The company announced that it would discontinue its ETA supercomputer business which would mean laying off over 3,000 employees and account for most of a second quarter restructuring charge of $490m. Cray Research, another manufacturer of supercomputers, added $1 to $54⅞.

McClatchy Newspapers jumped $1¾ to $19¼ on speculation that the company may be a takeover target after the death of its chairman and chief executive. Mr C.K. McClatchy was sole trustee of a trust which owns a 38 per cent stake in the company.

MAPCO added $¼ to $67 after the company announced that it would buy back about 6.3m shares. It also declared a two-for-one stock split, doubled its quarterly dividend and announced improved earnings in the first quarter.

In over-the-counter trading, HemoTec jumped $1⅛ to $6⅜. Bio Medicus agreed to buy the company for stock worth at least $7.50 a share, improving on a $6 a share offer from Quest Medical. Bio Medicus fell $⅞ to $13¼.

Canada

PROFIT-TAKING hit prices in early trading in Toronto where prices closed mixed. The composite index gained 2.12 to 3,575.64, but losers outnumbered gainers, 378 to 292 on volume of 20.5m shares.

Wardair rose C$⅝ to C$16⅝ after American Airlines said it was putting together a bid for Wardair, which has agreed to be acquired by PWA Corp. PWA fell C$¼ to C$15⅝.

ASIA PACIFIC

Buying spree by small investors boosts Nikkei

Tokyo

FAVOURABLE news from overseas encouraged individual investors to go on a broad-based buying spree that pushed Japanese share prices higher, *writes Michiyo Nakamoto in Tokyo*.

Shares surged to record levels within the first half hour, and the Nikkei average closed up 157.89 at 33,308.33 after peaking at a high of 33,402.47 during the day. The low was 33,189.27. Advances outnumbered declines by 550 to 333 while 179 issues were unchanged.

Volume at 770m shares reflected the usual Monday inactivity, although this was actually an improvement over the 641m traded on Friday. The Topix index of all listed shares rose 11.57 to 2,468.99 and in London the ISE/Nikkei 50 index rose 2.32 to 1,973.29.

Gains on Wall Street on Friday were enough encouragement to investors for them to ignore domestic political worries for a while and take an active part in the market. The news from the US, which saw the trade deficit for February well within the predicted range, meant that inflationary fears had receded, at least for the time being.

Institutional investors, however, were still very cautious as further news concerning the involvement of politicians in the Recruit scandal was unearthed over the weekend. In addition, a survey conducted by a leading news agency found that Prime Minister Noboru Takeshita's support level had dropped to 3.9 per cent. Support for the ruling Liberal Democratic Party fell to 24 per cent, which means it is now running neck-and-neck with the Japan Socialist Party, which has 23 per cent.

The fact that the market's rise was based on individual buying raised the possibility of rather unpredictable movements, some analysts said. "(The market) is strong in that it is going up without institutional participation," said Mr George Nimmo at SBCI Securities, "but it is not a very good quality market." There could be a very quick drop and the upside tended to be rather limited, he said. As for institutional investors, there would need to be more political stability to get them back into the market.

Buying was fairly indiscriminate with gains seen in large capital issues as well as recently popular smaller capital stocks.

Nisshin Steel, a medium-sized steel maker whose pre-tax profits are expected to have topped Y70bn in the past fiscal year ending March, was the most active stock with 45.8m shares and gained Y80 to Y1,650.

Kobe Steel followed with 34.4m shares traded and rose Y8 to Y933, while Nippon Steel was third with 25.1m shares and added Y2 to Y932. A leading securities firm is reported to be actively trading steel issues.

Companies with businesses that could help in the protection of the environment attracted attention. Daikin Industries, a manufacturer of air conditioners, advanced Y190 to Y1,640 in heavy trading and Ebara, a manufacturer of pumps and air blowers, rose Y90 to Y2,140.

Shipping companies were popular on news highlighting their moves into leisure-related businesses. Mitsui OSK Lines, a shipping company, is to receive one new cruise liner tomorrow and another is to start operations at the end of the week. Mitsui rose Y38 to Y980 while Nippon Yusen, another shipping company, gained Y40 to Y1,060.

Shipping issues supported Osaka but trading generally suffered from a lack of activity. The OSE average rose 162.38 to 31,961.53 in very thin volume of 52.5m shares. This, however, was an improvement over Friday's 39.6m shares. Iino Kaiun, a shipping company surged Y310 to Y1,800.

Roundup

THE improvement in US economic numbers last week helped send Hong Kong and Singapore up strongly yesterday, while Australia traded quietly before the next batch of domestic trade data.

HONG KONG was given a boost by properties, which gained ground on signs from the US that interest rates could hold steady following Friday's better economic statistics. The Hang Seng index rose 51.27 to 3,133.98 in sharply higher turnover worth HK$1.89bn after Friday's HK$1.12bn.

The property sub-index climbed 117.62 to 5,338.37, helped also by a shortage of stock from companies about to go ex-dividend. Buying interest came from the UK and Japan as well as domestic investors.

Security house dealers said buying demand was spread between foreign institutions and local retail trade.

Among the most active property stocks, Cheung Kong rose 20 cents to HK$10.70 and Sun Hung Kai gained 20 cents to HK$11.30 on strong buying of a new luxury flats development.

SINGAPORE reached another post-crash high as trading volume hit a record of 183m shares, swelled by active buying on the back of Wall Street's advance.

The Straits Times industrial index rose 14.06 to 1,258.33. The previous volume record was last Wednesday when 167m shares changed hands.

Among strong gains were Fraser and Neave, up 30 cents at S$10.10, and Metro, 45 cents better at S$6.90. Multi-Purpose, closed 4 cents up at S$1.08 following its suspension last week for news of a takeover bid from Hume Industries.

AUSTRALIA edged upwards in nervous trade before today's March current account figures, with the All Ordinaries index gaining 3.4 to 1,419.7, led by industrials. Turnover was thin at 79.5m shares worth A$126m.

In industrials, Amatil, the Australian affiliate of BAT, told the stock exchange it was considering a restructuring proposal and rose 25 cents to A$11.05. The share price rose sharply last week as well and there was speculation yesterday that BAT was discussing Amatil's future with Coca Cola – Amatil holds the Coca Cola franchise in most of Australia.

In resources Whim Creek climbed 22 cents to A$2.50 after the company's directors recommended acceptance of a takeover bid from Dominion, up 3 cents at A$1.35.

TAIWAN reached its highest level of the year, with the weighted index rising 160.75 to 7,869.46. Volume was 828m shares worth T$73.8bn, up from Saturday's 690m.

EUROPE

Paris disappoints despite reaching record

MOST bourses pursued last week's gains, but Paris failed to fulfil high hopes and Zurich was closed for a holiday, *writes Our Markets Staff*.

PARIS proved a disappointment, failing to fulfil expectations of a rally after apparently breaking its all-time high.

The CAC General index, calculated on opening prices, was believed to have surpassed its previous peak of 460.4 reached in March 1987, but the figure was unavailable for technical reasons. The market gained ground over the session, but in a lacklustre manner, ending off the day's highs.

At the close the CAC 40 index was up 9.44 at 1,692.40 and the OMF 50 index added 1.81 to 478.36.

One analyst said there were a lot of glum faces around because of the market's lethargy. "People were expecting a rise of maybe 1 to 2 per cent. Wall Street was strong on Friday, the US figures on Friday were neutral and interest rates are not a problem at the moment. Then there were the good French inflation figures last week."

Moulinex lost FFr2.10 to FFr137.80 after Friday's strong rise in response to the company's good results. Galeries Lafayette gave up some of its sharp gain on Friday, losing FFr21 to FFr1,349. Nouvelles Galeries saw the worst fall, dropping FFr49 to FFr569.

FRANKFURT began strongly, following Friday's surge on Wall Street, but then ran into profit-taking before climbing again as more news emerged on the 10 per cent withholding tax which the market would like scrapped.

The late spur came when the Christian Democratic Union party – senior partners in the governing coalition – said it was looking for ways of relieving the burden of the tax on investments for lower and middle-ranking earners.

Last week, equities surged on hopes that the tax would be abolished. Shares eased late on Thursday and on Friday as it emerged that any changes were likely to be less sweeping.

The FAZ index rose 6.42 to 585.21, almost reversing last Friday's losses, while the DAX gained 10.59 to 1,394.62. Volume was heavy at DM4.65bn.

Car stocks had a particularly good day, with Daimler gaining DM5 to DM702.50 and Porsche up DM15 at DM710. The sector has been one of the weakest this year. Tyremaker Continental saw good demand, some of it from the UK, and rose DM7.30 to DM271 on talk of a higher dividend.

Financials were also strong, with Deutsche Bank up DM8.50 at DM558 and Allianz adding DM14 to DM1,850.

AMSTERDAM rose strongly to reach another high for the year in active trading worth Fl 860m. The market was buoyed by renewed takeover speculation in Nedlloyd, which closed Fl 29.50, or 7.9 per cent, higher at Fl 404, and by optimism about a statement from Hoogovens due tomorrow.

Nedlloyd was the most active stock with 277,000 shares worth Fl 111m traded. Much of the activity was attributed to hedging in the stock by market makers as investors bought Nedlloyd call options. The transport group's 1988 results are due on Thursday.

Hoogovens rose Fl 3 to Fl 99.70 after hitting Fl 101.20 in very active trading before its annual report, which may contain news of business so far this year. Fokker rose 70 cents to Fl 44.30 after 1988 earnings in line with expectations which one analyst said put the stock on a multiple of 100.

The CBS tendency index climbed 1.3 to 181.2.

MADRID was enlivened by domestic and foreign interest in constructions, with the general index rising 2.03 to 294.90.

Uralita rose 21 points to 715 of par, Focsa added 250 to 2,250 and Asland found 12 to 1,330. The market is anticipating a March inflation figure – due today or tomorrow – of 0.5-0.6 per cent.

MILAN moved up smartly in turnover estimated by one house at a more healthy L170bn. Signs of lower interest rates in the Government's latest bond issue helped the Comit index gain 6.41 to 615.26.

Publisher Mondadori rose L660 to L24,550 after it returned to trading following its acquisition of L'Espresso. Investors appeared to take a kindly view of the deal, pushing up L'Espresso by L810 to L23,800.

STOCKHOLM was jittery before the release next week of a revised budget and the Affärsvärlden index edged up 2.4 to 1,113.0.

Hexagon was suspended up SKr3 at SKr172 after Consolidator, a private company, said it was counter bidding for Hexagon against Axel Johnson.

BRUSSELS was buoyed by expectations of good results from chemicals group Solvay, due to announce figures after the close, and the cash market index rose 27.71 to 5,872.06.

Solvay rose BFr275, or 2 per cent, to BFr13,700.

SOUTH AFRICA

GOLD stocks closed narrowly mixed in dull trading while most platinums and industrials rose a little. The gold index was unchanged at 1,540 points.

Norway and Singapore set pace

By Hilary de Boerr

NORWAY and Singapore fought strongly for first place in the bourse performance stakes last week, racking up daily record highs as investors scrambled for stock.

The Norwegian market won by a whisker with a jump of 6.3 per cent against Singapore's 6.1 per cent, according to the FT-Actuaries World Indices in local currency terms. Both stock markets saw heavy trading, with Singapore experiencing record volumes in the middle of the week.

Their buoyant performances contrasted with that of the big players, as the wait for signals in the US economy injected caution. Japan – where mention of the Recruit Cosmos affair continues to send shivers up investors' spines – lost 0.6 per cent. The UK rose by just 0.25 per cent and the US climbed 1.4 per cent.

The heavy weighting of Japan in the World Index left the latter with a small rise of 0.36 per cent, while the UK proved a drag on Europe, cutting the region's gains to 0.83 per cent.

West Germany had a good week, managing to break out of its recent narrow trading range. The bourse rose by 2.7 per cent as foreigners – especially from the UK – renewed their buying, spurred by positive signs on the interest rate front and speculation about possible changes to the 10 per cent withholding tax. The FAZ index rose to year's highs on four of the five sessions last week.

Germany's smaller cousin Austria seemed unstoppable, ending with a surge of 5.5 per cent to take its gain for the year to 35.2 per cent. For sterling investors the market's ascent is even more impressive – up 49 per cent since the start of this year.

Laggards last week included Sweden, New Zealand, Finland and Denmark.

Sweden gave up 3.7 per cent amid nervousness over the domestic economy; there were government warnings about possible anti-inflationary measures and concern about what next week's revised budget might hold. There were also reports of a slowing in demand for world paper products, which would affect Sweden's large forestry groups.

Norway remains the best performing bourse of 1989 with its rise of 39.8 per cent. The strength of the oil price has been good news for Norsk Hydro, which accounts for about 45 per cent of the country index.

Australia is the only stock market in the red – having fallen by 5.8 per cent this year – although it actually made gains last week.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change in sterling †
	1 Week	4 Weeks	1 Year	Start of 1989	Start of 1989
Austria	+5.50	+16.42	+50.72	+35.19	+49.00
Belgium	+0.34	+2.71	+18.26	+4.04	+5.15
Denmark	-0.74	+3.66	+67.19	+18.33	+18.80
Finland	-1.95	+6.95	+29.80	+18.49	+25.25
France	+1.80	+5.35	+54.48	+8.93	+11.07
West Germany	+2.73	+6.02	+25.53	+5.83	+6.22
Ireland	+1.46	+3.36	+37.58	+17.98	+19.10
Italy	+0.65	+2.45	+15.68	+1.14	+2.44
Netherlands	+1.23	+3.80	+24.22	+12.37	+13.56
Norway	+6.34	+11.61	+64.47	+39.76	+43.72
Spain	-0.18	+4.44	+5.85	+5.91	+9.97
Sweden	-3.67	-1.50	+38.94	+11.30	+14.07
Switzerland	+0.65	+4.49	+12.17	+7.85	+4.55
UK	+0.25	-0.47	+15.91	+14.15	+14.15
EUROPE	+0.83	+2.27	+21.82	+10.36	+11.03
Australia	+0.21	-4.84	-0.35	-5.76	-4.89
Hong Kong	+2.12	+1.29	+27.22	+16.33	+24.30
Japan	-0.61	+3.34	+14.95	+4.23	+4.97
Malaysia	+5.51	+8.32	+46.74	+22.08	+29.07
New Zealand	-2.21	-2.68	-6.05	+1.98	+5.29
Singapore	+6.11	+5.98	+38.30	+22.86	+30.11
Canada	+0.69	+0.41	+4.93	+6.99	+14.49
USA	+1.36	+4.26	+15.94	+8.38	+15.38
Mexico	+3.47	+4.30	+33.34	+11.73	+13.16
South Africa	-0.30	-0.57	+52.64	+28.16	+32.01
WORLD INDEX	+0.36	+3.18	+16.47	+6.84	+9.66

† Based on Friday 14th April, 1989

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The weekly performance series has switched this week to assessing stock market movements in local currency terms rather than sterling terms, and is thus not directly comparable with previous reports.

The change is designed to allow investors to calculate more easily their own currency-related equity performances.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 17 1989					FRIDAY APRIL 14 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	129.73	+0.5	112.15	106.13	5.23	129.07	112.63	106.10	157.12	128.28	121.22
Austria (18)	124.16	+1.1	107.33	119.80	2.10	122.82	107.17	119.82	124.16	92.84	92.02
Belgium (63)	134.70	+1.0	116.44	129.71	4.11	133.41	116.42	129.47	136.68	128.52	127.75
Canada (127)	135.01	+0.0	116.71	115.90	3.30	135.00	117.80	116.08	137.27	124.67	124.82
Denmark (38)	177.85	+1.7	153.75	174.71	1.89	174.80	152.53	172.96	180.38	165.35	118.65
Finland (26)	158.27	+2.8	136.82	138.04	1.45	153.95	134.34	135.47	158.27	125.81	124.76
France (130)	121.64	+1.4	105.16	119.92	2.98	120.01	104.72	119.07	121.64	112.57	87.84
West Germany (100)	88.93	+1.4	76.88	85.83	2.24	87.74	76.56	85.30	90.40	81.77	79.04
Hong Kong (49)	132.49	+1.5	114.54	132.35	3.98	130.52	113.90	130.37	133.77	111.80	100.63
Ireland (17)	149.15	+1.2	128.94	146.30	3.44	147.41	128.63	145.61	149.15	125.00	121.08
Italy (98)	83.25	+1.6	71.97	84.74	2.48	81.90	71.47	83.98	86.88	78.16	79.21
Japan (455)	189.88	+0.6	164.15	158.31	0.48	188.80	164.75	157.71	200.11	180.30	173.30
Malaysia (36)	175.29	+0.8	151.54	183.83	2.61	173.96	151.80	182.77	175.29	143.35	125.47
Mexico (13)	173.44	+0.8	149.93	456.81	1.13	171.99	150.08	452.25	173.48	153.32	135.73
Netherland (42)	120.90	+0.8	104.52	115.55	4.46	119.89	104.61	115.45	120.90	110.63	110.23
New Zealand (24)	67.65	+1.2	58.49	58.66	6.72	66.84	58.33	58.11	76.02	66.84	77.25
Norway (26)	194.17	+3.5	167.86	177.83	1.50	187.53	163.64	173.02	194.17	139.92	128.01
Singapore (26)	155.98	+2.0	134.84	140.06	1.96	152.87	133.40	137.69	155.98	124.57	107.53
South Africa (60)	143.35	−1.0	123.93	126.10	4.02	144.86	126.41	125.91	144.86	115.35	130.25
Spain (42)	154.59	+0.9	133.64	135.38	3.57	153.25	133.73	134.90	154.59	143.14	153.31
Sweden (35)	156.71	+1.2	135.48	146.68	2.34	154.93	135.19	145.93	162.00	138.45	120.70
Switzerland (57)	77.32	+0.9	66.84	78.44	2.34	76.66	66.90	78.44	79.76	74.05	82.31
United Kingdom (316)	146.45	+1.0	126.60	126.60	4.47	145.06	126.59	126.59	153.33	134.53	141.09
USA (562)	122.81	+0.1	106.16	122.81	3.59	122.66	107.03	122.66	122.81	112.13	105.51
Europe (1008)	120.83	+1.1	104.46	111.21	3.58	119.49	104.27	110.87	120.88	114.02	110.71
Nordic (125)	154.83	+1.8	133.84	150.46	1.99	152.10	132.72	148.86	154.83	137.95	112.10
Pacific Basin (679)	185.02	+0.6	159.94	154.85	0.70	183.92	160.49	154.23	194.72	176.37	168.39
Euro-Pacific (1687)	159.36	+0.8	137.77	137.44	1.59	158.16	138.02	136.93	164.22	152.83	145.33
North America (689)	123.44	+0.1	106.71	122.40	3.57	123.30	107.59	122.27	123.44	112.79	106.54
Europe Ex. UK (692)	104.76	+1.3	90.56	101.73	2.88	103.46	90.28	101.18	104.76	98.84	91.89
Pacific Ex. Japan (224)	126.80	+1.0	109.61	111.35	4.55	125.52	109.54	110.54	137.65	123.48	109.12
World Ex. US (1887)	158.36	+0.7	136.90	136.74	1.66	157.23	137.20	136.26	162.77	152.04	144.47
World Ex. UK (2133)	144.38	+0.5	124.82	132.56	2.03	143.67	125.37	132.15	146.04	138.06	128.32
World Ex. So. Af. (2389)	144.56	+0.5	124.97	132.03	2.24	143.78	125.46	131.66	146.65	138.82	129.43
World Ex. Japan (1994)	122.85	+0.5	106.20	118.33	3.62	122.23	106.66	118.09	122.85	114.51	108.39
The World Index (2449)	144.55	+0.5	124.96	131.99	2.25	143.78	125.47	131.61	146.51	138.83	129.44

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

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Switzerland (Zurich) closed April 17.